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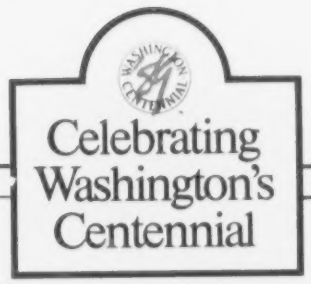
CIS

STATE OF WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended JUNE 30, 1989

ONE HUNDRED YEARS OF LEADERSHIP



ONE HUNDRED YEARS OF LEADERSHIP

In celebrating Washington's centennial, we are reminded that its citizens owe a significant debt to the courageous men and women who have guided the state through a century of change and accomplishment.

This report features Washington State's governors and their contribution to state history. Theirs is the story of ***"One Hundred Years of Leadership".***

STATE OF WASHINGTON
Booth Gardner, Governor

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 1989

Prepared by
Office of Financial Management
Len McComb, Director

Olympia, Washington

STATE OF WASHINGTON

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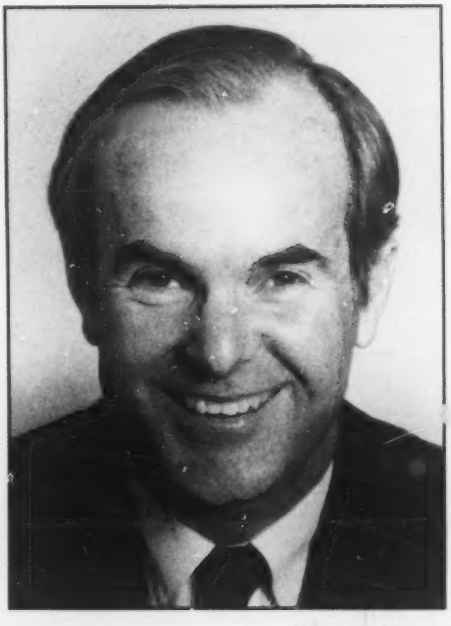
BOOTH GARDNER
GOVERNOR (1985 - Present)

Born: August 21, 1936



Booth Gardner grew up in the Puget Sound area, attending the University of Washington, and later receiving a Masters of Business Administration degree from Harvard University in 1963. He was a state Senator from 1970 to 1973, and in 1980 was elected Pierce County Executive, where he served until his election as governor in 1985.

As governor, Gardner has made education and economic development the top priorities of his administration. Gardner formed Team Washington, a network of public and private agencies working together to promote economic opportunities. He negotiated a settlement with state employees that resulted in Washington becoming the first state in the country to implement comparable worth. He also chaired the successful campaign to obtain voter approval of an initiative raising the state minimum wage. Other Gardner initiatives during his first term included a comprehensive cleanup and protection program for the Puget Sound, a state hazardous waste Superfund, a state Early Childhood Education Program for preschool at-risk children, and Project Even Start to address adult illiteracy.

Governor Gardner's top priority for his current term is his Financial Plan for Washington, a comprehensive proposal of spending controls and tax reform which would create a new tax system in the state. He is also focusing on health issues and the fight against drug and alcohol abuse.

Environmentally, Governor Gardner is continuing to lead a national effort to convince the U.S. Department of Energy to responsibly address cleanup of nuclear wastes at Hanford and other sites around the country. In the area of education, he is implementing a project called "Schools for the 21st Century", an innovative plan to create a better school system by using the talents and ideas of citizens at the local level.

INTRODUCTORY SECTION

STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, M.S. AQ-44 • Olympia, Washington 98504 • (206) 753-5450

December 22, 1989

The Honorable Booth Gardner,
Governor of the State of Washington,
and Members of the Legislature

In accordance with Chapter 43.88 of the Revised Code of Washington, it is my pleasure to transmit to you the COMPREHENSIVE ANNUAL FINANCIAL REPORT of the state of Washington for the fiscal year ended June 30, 1989. This report has been prepared by the state's Office of Financial Management. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the state. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the state. All disclosures necessary to enable the reader to gain an understanding of the state's financial activities have been included.

The report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, graphic presentations of revenues and expenditures, the state's organizational chart, and a list of principal officials. The financial section begins with the State Auditor's report and contains the general purpose financial statements, notes to the financial statements, combining financial statements by fund type, account groups, and other schedules. The statistical section includes selected financial, economic and demographic data.

The state provides a wide range of services. These include education, social, health, transportation, law, public safety, resource and recreation development, public improvements, and general administrative services. The accompanying report includes all funds and account groups for which the state exercises oversight responsibility. The determination of "oversight responsibility" is based on criteria established in the codification of Governmental Accounting and Financial Reporting Standards, section 2100. Note 1.A to the combined financial statements explains more fully which potential component units are included and excluded from the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

FISCAL YEAR 1989 ECONOMIC REVIEW

Fiscal Year 1989 was a very good year for the Washington economy. Non-agricultural employment increased by more than 87,000, a gain of 4.6 percent over Fiscal Year 1988. By comparison, employment nationally increased 3.2 percent during the same period. The state's unemployment rate in June 1989, the final month of the fiscal year, was 5.6 percent (not seasonally adjusted), compared to 6.2 percent in June 1988. This was the lowest rate of unemployment since the 1960's.

Growth occurred in all sectors of the Washington economy during Fiscal Year 1989. Probably the strongest sector was aerospace, Washington's largest and most important manufacturing industry. Aerospace employment increased by nearly 10,000 during the year, reflecting record sales by the Boeing Company. Several other manufacturing industries also showed strong growth during the year. As a result of high demand and prices for aluminum, Fiscal Year 1989 was an excellent year for primary metals. Manufacturers of machinery and computer equipment also enjoyed a good year, reflecting strong export demand, sales to the aerospace industry, and some recovery by the Alaskan oil industry from the 1986 collapse of oil prices. In forest products, Washington's second largest manufacturing sector, some growth occurred in Fiscal Year 1989, but problems of inadequate timber supply were beginning to impact the industry by the end of the year.

Non-manufacturing sectors of the economy also enjoyed an excellent year during Fiscal Year 1989. Construction employment increased by 8,000 during the year, as the number of housing units authorized by building permits in Washington rose to the highest level of the decade. This reflects the strength of the Washington economy and the large number of individuals moving to the state as the result of employment opportunities. Between April 1, 1988, and the same date in 1989 it is estimated that a net in-migration of nearly 60,000 persons occurred in Washington. Additionally, net in-migration of 86,000 is predicted between April 1, 1989, and the same date in 1990. Strong growth also occurred in Fiscal Year 1989 in Washington's service sectors. Particularly noteworthy is the continuing growth of producer services in Washington. Producer services, defined as services purchased by businesses and governments as inputs into their production processes, are often exported out of the state. The effect of this on the economy is the same as the effect of the export of manufactured goods. Out of state sales of producer services brings dollars into Washington and create growth of the state's economy. Banking, insurance, engineering, accounting, data processing, and legal services are among the fastest growing and most important producer services in Washington.

Among Washington's 39 counties, growth in Fiscal Year 1989 was concentrated in King and Snohomish counties, which make up the Seattle metropolitan area. Between June 1988 and June 1989, total employment in these two counties increased 83,500. This was 57.6 percent of the statewide increase of 144,900 in total employment. The remaining 61,400 increase in employment was spread among the other 37 counties. Since virtually all the state's aerospace employment and a majority of service sector employment are located in the Seattle area, it is not surprising that most job growth occurred in these two counties. Although growth in the Seattle area was higher than in other parts of

Washington, some increases in employment occurred in all of the state's metropolitan areas during Fiscal Year 1989. In the Tacoma and Vancouver areas, as in Seattle, strong growth occurred in services. Although data on agriculture is not yet available for Fiscal Year 1989, it is apparent that improving agriculture conditions during the year have contributed to increased employment in the Spokane, Tri-Cities (Benton and Franklin counties), and Yakima areas.

ECONOMIC AND REVENUE OUTLOOK

The November 1989 Economic and Revenue Forecast calls for economic growth to continue during the 1989-91 Biennium, which ends June 30, 1991. However, in contrast to the rapid increases which occurred during the 1987-89 Biennium and the initial months of 1989-91, growth during the remainder of 1989-91 is predicted to be somewhat below average. The forecast calls for $12.6 billion in General Fund State revenues to be collected during the 1989-91 Biennium, an increase of 16.7 percent compared to 1987-89. Over the last 30 years, the average increase in revenues per biennium has been 21.4 percent. After adjusting for inflation, the real increase in revenues during the 1989-91 Biennium is predicted to be 7.3 percent. Over the last 30 years, the average real increase in revenues per biennium has been 9.9 percent.

The November 1989 state forecast is based on the October 1989 U.S. forecast of Data Resources, Inc. (DRI). The forecast calls for the U.S. economy, as measured by real GNP, to grow 2.4 percent in Fiscal Year 1990 and 2.2 percent in 1991. These figures reflect the slowdown in growth of the U.S. economy which began in the fourth quarter of calendar 1989. Growth is expected to continue to be weak throughout calendar 1990 and then increase at the end of the 1989-91 Biennium.

At the state level, key industries such as aerospace and construction are also expected to experience a slowdown in growth. The most important factor in the rapid expansion of the Washington economy during the 1987-89 Biennium was an increase of 21,200 in aerospace employment. The Boeing Company is now believed to have nearly all of the workers needed to meet its demand, and as a result, aerospace employment is only expected to increase 5,300 during the remainder of the 1989-91 Biennium. Construction employment is now believed to be approaching a peak, and the forecast calls for employment to decline from 107,900 in the first quarter of calendar 1990 to 102,800 at the end of calendar 1991. Higher increases in wages are predicted to offset some of the slower growth of employment in key industries during the remainder of the biennium, but this is not expected to be enough to prevent an overall slowdown in growth. Total non-agricultural employment, which increased 5.1 percent in Fiscal Year 1988 and 4.6 percent in Fiscal Year 1989, is predicted to increase 3.1 percent in Fiscal Year 1990 and 2.2 percent in Fiscal Year 1991.

The main risk to the forecast for the 1989-91 Biennium appears to be that the slowdown of the U.S. economy which began at the end of calendar 1989 could worsen and turn into a recession. However, revisions which would have to be made to the forecast in the event of a recession are limited by the fact that the forecast is already calling for relatively weak growth. This also means that if even average growth occurs during the 1989-91 Biennium, the forecast would have to be revised upward.

MAJOR INITIATIVES

FOR THE YEAR

During the last year, the state has worked on a number of initiatives which will serve to enhance the quality of life and promote financial stability for the state.

Human Services - This year the state embarked on a major reform of the mental health system. Under the leadership of the Department of Social and Health Services, state policies to expand local flexibility were initiated, while state quality assurance mechanisms were strengthened. The legislature committed $33 million in new funds to the mental health system to meet the needs of the under-served.

This was also the year in which the state began implementation of a long-term plan created by a gubernatorial task force to downsize state institutions for the mentally retarded by expanding community residential options. Initially, $4 million was appropriated for the downsizing.

At the request of the Governor, the legislature approved a plan to obtain a federal Medicaid waiver. The waiver was granted, allowing the state to dramatically increase its community support for persons with functional disabilities who wish to remain in community settings. The personal care Medicaid waiver saved the state $5 million in the state-funded budget for Chore Services, while creating services for an additional 1,000 persons.

Health - At the request of the Governor, the legislature created a Department of Health to provide a state focus for health related activities. Combining the functions of all or parts of four separate agencies, the new department brings higher visibility and leadership to many public health issues now confronting our state, such as AIDS and environmental health. The department is also active in assessing the health care system throughout the state, and recommending to the Governor and the legislature ways to improve access, control costs and assure quality of health services.

Additionally, the state created a First Steps Program which provides maternity care and newborn coverage for most low income mothers throughout the state. It also provides support services for mothers and infants who have special needs.

Education - One out of five students in Washington State drop out of school before graduation. This year the legislature addressed the needs of students at risk of dropping out by allowing students who have dropped out for six weeks or more, or who meet other at-risk criteria, to attend any public high school in the state. This year the state also began the process of changing how student performance is measured. The new system would replace Carnegie Units (seat time) with core competencies (skills demonstration) as the method of evaluating student performance.

Environment - This year the legislature passed major legislation reforming the management of the state's solid waste systems. The new solid waste management priorities, in descending order, are as follows: 1) waste reduction; 2) recycling, with source separation as the preferred method; and 3) energy recovery, incineration, or landfill of separated or mixed waste. A state-wide goal of 50 percent recycling was established.

Management of State Resources - The results achieved this year by the state's Efficiency and Accountability Commission are convincing arguments for the effectiveness reviews in state government. In its second year of operation, the Commission completed seven separate reviews in state government and the further implementation of four others. This effort has resulted in 443 recommendations that are designed to improve state government by identifying cost savings, generating revenue, improving services to clients and customers, and enhancing management controls and accountability. The continued implementation of Commission studies resulted in the projection of over $120 million of additional revenues for the current biennium.

FOR THE FUTURE

Our goal over the next few years is to take significant steps to maintain and improve the quality of life for citizens of the state of Washington. This multi-year effort will focus on the need to sharpen our competitive edge both nationally and internationally. This strategy requires action in four areas:

Investing in the People - A strong economy depends on capable and adaptable workers able to keep up with a rapidly changing workplace. The state will move decisively to strengthen its education and training systems. Affordable quality health care will also be a top priority for the future. The state will aggressively participate in reshaping the health care delivery system at the state level through legislation, and at the national level through the governors chairmanship of the National Governor's Association.

A quality elementary and secondary education helps ensure success for citizens as they build their future lives. There is no better investment for a promising future. We will continue to build on the solid foundation we have established through reforms over the past few years.

Fighting Against Crime and Drugs - With the help of our broad-based citizen task force, we will work to develop a strong yet measured response to correcting the deficiencies in current laws and systems to better protect our communities. Continuing to fight substance abuse, gaining adequate capacity to house criminal offenders, and increasing our efforts towards drug prevention within our schools will be top priorities as well.

Preserving the Environmental Quality of Our State - Wetlands are critical to water quality, habitat and recreational opportunities. We will work to stem the tide of loss of this important component of our eco-system. We must also protect our environment for future generations. The state will work to acquire key parcels of sensitive lands and manage their use. Efforts will also be focused upon protecting the Puget Sound and reducing the production of hazardous waste.

Continuing Improvement in Governmental Operations - State government is a service provider, and the people on the front lines are the critical component of effective service delivery. In conjunction with state employee representatives, we will strive to develop measures to improve the ability of managers and workers to carry out the requirements of public service.

FINANCIAL INFORMATION

The state is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the state are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

Budgetary control is maintained through legislative appropriation and the executive branch allotment process. The Governor is required to submit a biennial budget to the state legislature. The budget is legally required to be adopted through passage of appropriation bills by the legislature and approval by the Governor. The appropriated funds are controlled by the executive branch through an allotment process. This process allocates the appropriation into monthly allotments by program, source of funds and object of expenditure. Nonappropriated governmental funds, primarily local college and university funds, are also subject to allotment control by the executive branch. The state also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the end of the biennium. However, capital encumbrances are generally reappropriated as part of the following biennial budget.

The state's budgetary policies and procedures, fund accounting structure, and basis of accounting are explained in detail in Note 1.D of the notes to the financial statements.

GENERAL GOVERNMENT FUNCTIONS

General governmental activities are accounted for in four governmental fund types: the general, special revenue, debt service, and capital projects funds. Revenue for general governmental functions totaled $9.5 billion for the fiscal year ending June 30, 1989. This represents an increase of 10.7 percent over revenue for the fiscal year ending June 30, 1988.

Taxes, the largest source of general governmental revenue, produced 64.3 percent of revenues. This percent is a slight decrease from Fiscal Year 1988, even though actual tax revenues increased by $483 million. Revenue from various sources for Fiscal Years 1989 and 1988 and the changes between years are as follows (expressed in millions):

Revenue Source	1989 Amount	1989 % of Total	1988 Amount	1988 % of Total	Increase (Decrease) from 1988
Taxes	$ 6,115	64.3	$ 5,632	65.5	$ 483
Licenses, Permits, and Fees	308	3.2	288	3.4	20
Federal Grants-in-Aid	2,226	23.4	1,947	22.6	279
Charges for Services	354	3.7	307	3.6	47
Miscellaneous Revenues	512	5.4	425	4.9	87
Total Revenues	9,515	100.0	8,599	100.0	916
Other Financing Sources (Uses)	367		518		(151)
Total Revenue and Other Sources (Uses)	$ 9,882		$ 9,117		$ 765

Expenditures for governmental activities totaled $9.6 billion for fiscal year ending June 30, 1989, representing a 10.7 percent increase from 1988. Governmental expenditures for Fiscal Years 1989 and 1988 and the changes between years are displayed below (expressed in millions):

Expenditures	1989 Amount	1989 % of Total	1988 Amount	1988 % of Total	Increase (Decrease) from 1988
Current:					
General Government	$ 642	6.7	$ 590	6.8	$ 52
Human Services	2,894	30.1	2,566	29.5	328
Natural Resources	388	4.0	327	3.8	61
Transportation	476	4.9	468	5.3	8
Education	4,010	41.7	3,691	42.5	319
Capital Outlays	839	8.7	706	8.1	133
Debt Service	371	3.9	344	4.0	27
Total Expenditures	$ 9,620	100.0	$ 8,692	100.0	$ 928

Expenditures increased primarily in education and human services. The increase in human services expenditures resulted from increased case loads and medical expenses at the Department of Social and Health Services. Education expenditures increased primarily due to increased apportionments to local school districts and increased funding for higher education.

GENERAL FUND BALANCE

The undesignated, unreserved portion of the General Fund balance increased by 420 percent to $455.9 million in 1989. This was due, in part, to the strong economic performance of industries in the state discussed earlier, coupled with the desire to leave a substantial portion of the balance to fund the expenditure "bow wave" caused by the 1987-89 budget in the 1989-91 biennium. In 1989, a substantial portion of the fund balance was appropriated by the legislature to fund ongoing or one-time state expenditures in the 1989-91 Biennium. The total budgeted expenditures from the state portion of the General Fund include 61 percent for common schools and higher education and 30 percent for human services.

ENTERPRISE OPERATIONS

The state's enterprise operations are comprised of seven separate and distinct activities. A brief description of each enterprise operation is presented in Note 5 of the notes to the financial statements.

Combined operating revenues for the state's enterprise funds increased from $1,301 million in Fiscal Year 1988 to $1,386 million in Fiscal Year 1989. This $85 million increase is primarily due to the opening of the convention and trade center plus inflationary increases in workers' compensation payments, lottery sales, and fees at the colleges and universities. Combined operating expenses increased from $1,501 million to $1,508 million during the same period. This $7 million increase is primarily due to the opening of the convention and trade center. Also, due to the improved economic climate in the state, workers' compensation benefit payments decreased while lottery prize payments and student services provided offsetting increases.

Outstanding enterprise fund bonds at June 30, 1989, totaled $327 million. These bonds were issued primarily to provide educational and convention facilities.

RETIREMENT SYSTEMS

Total net assets of the state's pension trust funds on a market value basis reached $12.2 billion at June 30, 1989. The latest actuarial valuations of the pension plans indicate that the actuarial present value of accumulated benefits exceeded the actuarial value of net assets available for benefit by $4.7 billion. The funding ratio for all funds combined was 71 percent at June 30, 1989, which represents a 1 percent increase from June 30, 1988. The state's retirement systems have shown a dramatic improvement in funding ratios in recent years as demonstrated in the "Analysis of Funding Progress" tables presented in the Required Supplementary Information immediately following the notes to the financial statements.

DEBT ADMINISTRATION

In July 1986, the state received an upgrade to its bond rating. Standard and Poor's Corporation raised the state's rating from "AA-" to "AA" and Moody's Investors Service raised the rating from "A" to "A1." The maintenance of the rating demonstrates success in improving the financial operations of the state.

At June 30, 1989, outstanding general long-term bonded debt totaled $3.3 billion, representing an increase of 4.7 percent over June 30, 1988. These bonds were issued primarily to provide for capital projects.

The following table presents a summary of general obligation bonds issued during Fiscal Year 1989:

Date of Issue	Amounts (Millions)	Average Interest
September 1988		
Offering No.1*	$ 50.0	7.52%
Offering No.2	291.6	7.46%
October 1988		
Offering No.1	91.2	7.39%
November 1988		
Offering No.1	79.0	7.70%
Offering No.2	12.0	7.73%
Offering No.3	65.9	7.55%
Offering No.4	32.0	7.48%
May 1989		
Offering No.1	50.0	7.30%
Offering No.2	70.1	7.30%

*College Savings (zero coupon) Bonds issued in the accreted value at maturity amount of $50.0 million with proceeds received by the State of $18.9 million.

The ratio of general long-term bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the state's debt position. At June 30, 1989, these data were as follows:

	Amount (Millions)	Ratio of Debt to Assessed Value	Debt per Capita
General Long-Term Bonded Debt . .	$ 3,315	1.94%	$ 711

CASH MANAGEMENT

Statutes provide that certain excess cash balances in the state treasury may be invested by the Office of State Treasurer (OST) through the use of the Cash Management Account. Specifically excluded from the OST Cash Management Account are pension funds, the Workers' Compensation Fund, and certain dedicated permanent funds.

OST investment transactions during Fiscal Year 1989 were limited to U.S. Treasury and Agency securities, repurchase agreements, reverse repurchase agreements, certificates of deposit with qualified public depositories, and bankers' acceptances.

Total earnings from investment of the Cash Management Account balances for Fiscal Year 1989 exceeded $117 million, representing a 56.2 percent increase from Fiscal Year 1988. This increase resulted from a growth in the size of the investment portfolios. Investment earnings are distributed on a 80/20 percent basis; i.e., the general fund receives 20 percent and the participating funds receive 80 percent based on the fund's average daily balances.

RISK MANAGEMENT

The state currently has a risk management program based on the concept of self-insurance. This program makes current payments on claims arising from tortious conduct that resulted in judgements and settlements against the state on a "pay-as-you-go" basis. During Fiscal Year 1989, the risk management program paid $8.6 million in such settlements.

Washington State passed a law in 1989 establishing a new comprehensive risk management program to restructure Washington's risk management and insurance program, and to help the state better manage the rising cost of liability claims. Effective July 1, 1989, this law creates a new Liability Account to pay future tort claims which will be supported from premiums paid by state agencies. Premiums will be based on actuarially-determined projections and include allowances for payments of both outstanding and current liabilities.

The state of Washington serves as insurance benefits coordinator for state employees and employees of certain other political subdivisions. The state offers numerous benefit package choices with outside insurance carriers in addition to its own uniform medical and dental plans. The uniform plans are risk retained programs. The state accounts for these activities in the State Employees' Insurance Fund. An accrued liability for claims that are incurred but not reported of $21.3 million has been recorded in that fund.

The state also manages a Workers' Compensation Insurance Program that provides coverage for both private and public employers. Premiums are collected in a self-sustaining Workers' Compensation Fund and a current payment basis Supplemental Cost of Living Benefits account to cover current and future claims. Claim liabilities arising from this program are actuarially determined and recorded in the Workers' Compensation Fund and in the General Long-Term Obligations Account Group. Notes 1.J and 3.I of the notes to the financial statements disclose the specific Workers' Compensation programs and the state's current potential long-term liability of $2.85 billion for the Supplemental Cost of Living Benefits Program.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by the Office of State Auditor (SAO). The State Auditor is an independently elected public official. The state is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments.

The SAO conducts the audit of all state agencies. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal single audit. The auditor's report on the general purpose financial statements is included in the financial section of this report. The auditor's report related to the single audit, including the schedule of federal financial assistance, findings and recommendations, and report on the internal control structure and compliance with applicable laws and regulations, will be published in a separate report. Copies may be obtained at the Office of State Auditor, Legislative Building, Mail Stop: AS-21, Olympia, Washington 98504.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program to encourage governments to publish outstanding financial reports. GFOA has awarded a Certificate of Achievement to the state of Washington for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1988. In order to be awarded such a certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. This certificate is valid for a period of one year only.

We believe our current report also conforms to the Certificate of Achievement for Excellence in Financial Reporting Program requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

ACKNOWLEDGEMENT

I wish to express my sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency and institution of higher education and the dedicated staff within the Office of Financial Management.

This Comprehensive Annual Financial Report reflects the commitment by the present administration to the legislature, citizens of the state of Washington, and to the financial community to maintain our financial statements in conformance with the highest standards of financial accountability.

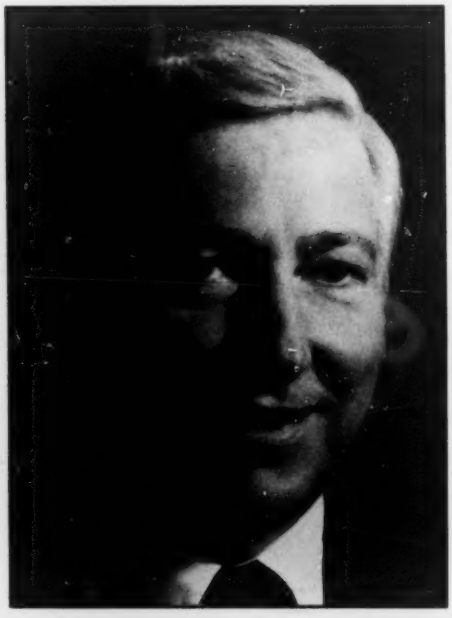
Sincerely,

Len McComb

Len McComb
Director

JOHN D. SPELLMAN
GOVERNOR (1981-1985)

Born: December 29, 1926



After graduating from Seattle University and serving in the United States Navy during World War II, John Spellman earned a law degree from Georgetown University in 1953. He served as King County Commissioner from 1967 to 1969, and was the first person to be elected King County Executive in 1969. He was later re-elected to the position in 1973 and 1977.

Spellman's first attempt at the governorship was unsuccessful in 1976. In 1980, he was elected governor. The cornerstones of his campaign were a promise to bring better management to state government, and a vow not to raise taxes.

An open-door policy combined with favorable press relations gave Spellman an excellent start in office, but during his first year as governor, a nation-wide recession occurred, creating a difficult economic situation in Washington State. A scramble to find the finances to keep government services running in the face of increased demand left no alternative to Governor Spellman but to raise taxes in 1982. His agenda to curb record unemployment included industrial revenue bonds, low-interest housing mortgages, and a program for rebuilding roads, sewer systems and other local projects.

Although plagued by the state-wide recession, Governor Spellman received high marks in regard to the state's economic development. This was due mainly to the Governor's austerity program, which saved $134 million from 1981 to 1983, and his aggressive promotion of international trade expansion.

Spellman is currently a Seattle attorney in private practice.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Washington

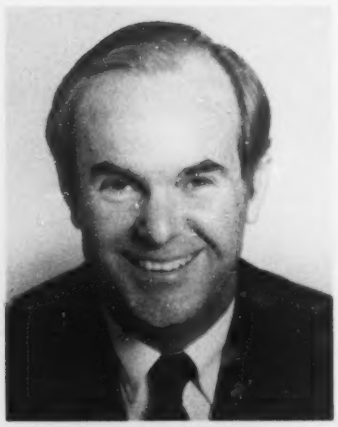
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1988

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

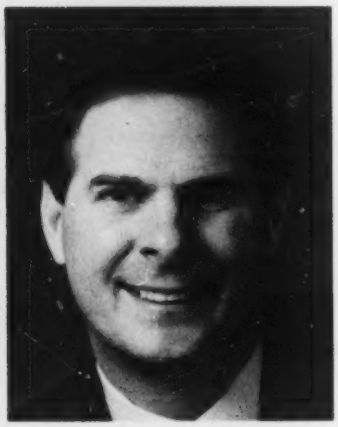
STATE OF WASHINGTON
Elected Executive Officials
June 30, 1989



Booth Gardner
Governor

Joel Pritchard
Lieutenant Governor

Ralph Munro
Secretary of State



Dan Grimm
Treasurer

Robert V. Graham
Auditor

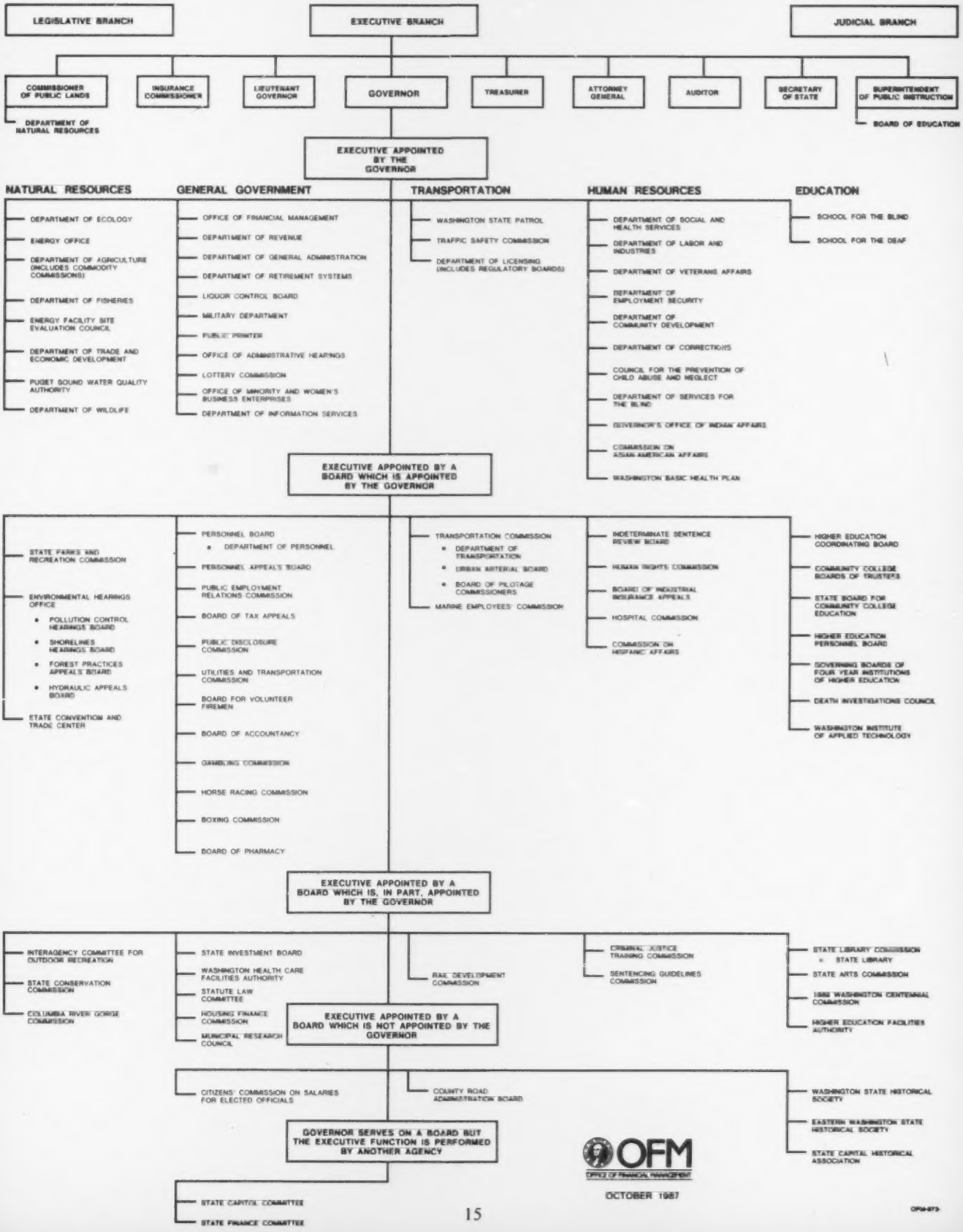
Ken Eikenberry
Attorney General

Judith Billings
Superintendent of
Public Instruction

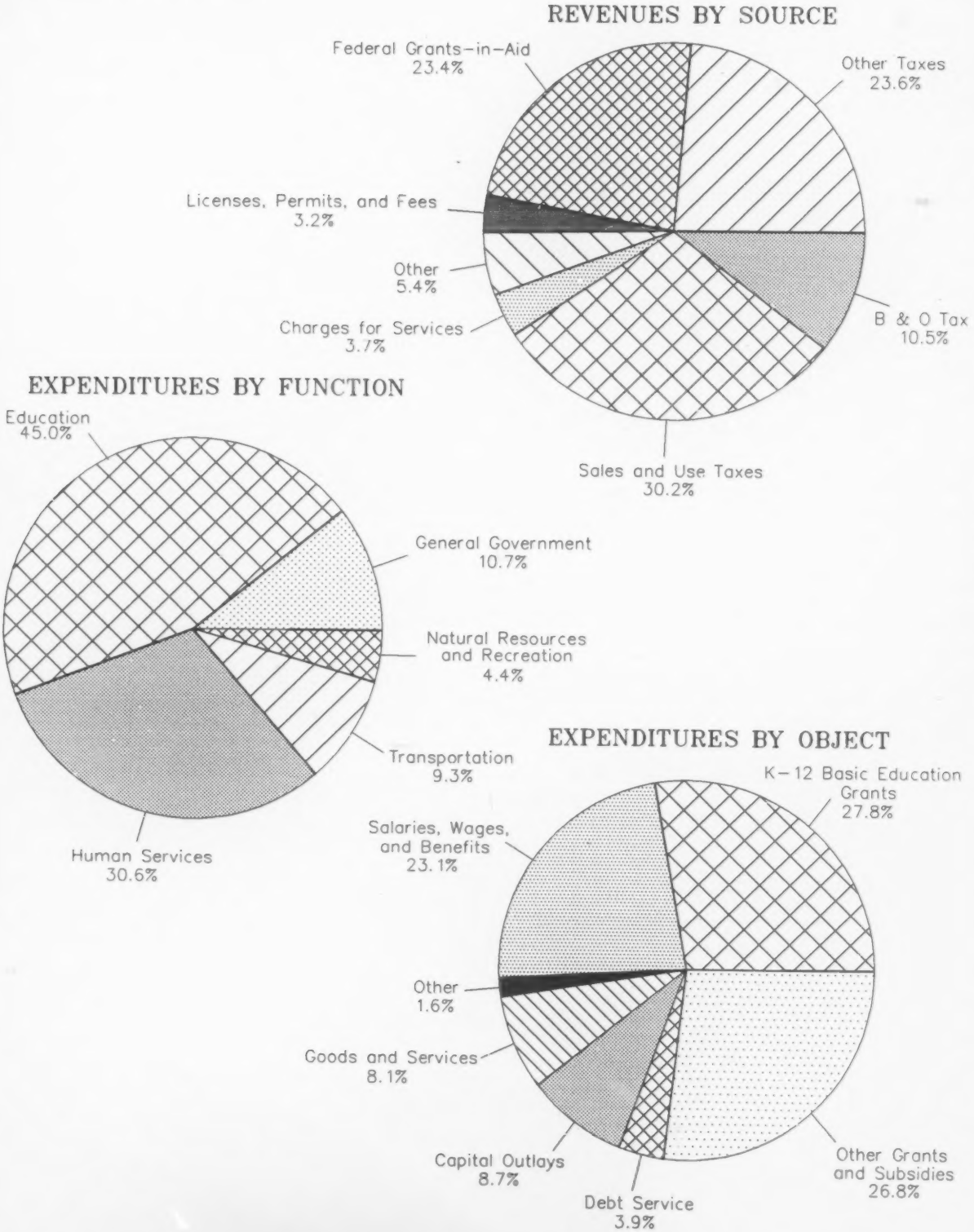
Brian Boyle
Commissioner of
Public Lands

Richard G. "Dick" Marquardt
Insurance Commissioner

ORGANIZATION OF WASHINGTON STATE GOVERNMENT
BASED ON GUBERNATORIAL APPOINTMENT AUTHORITY

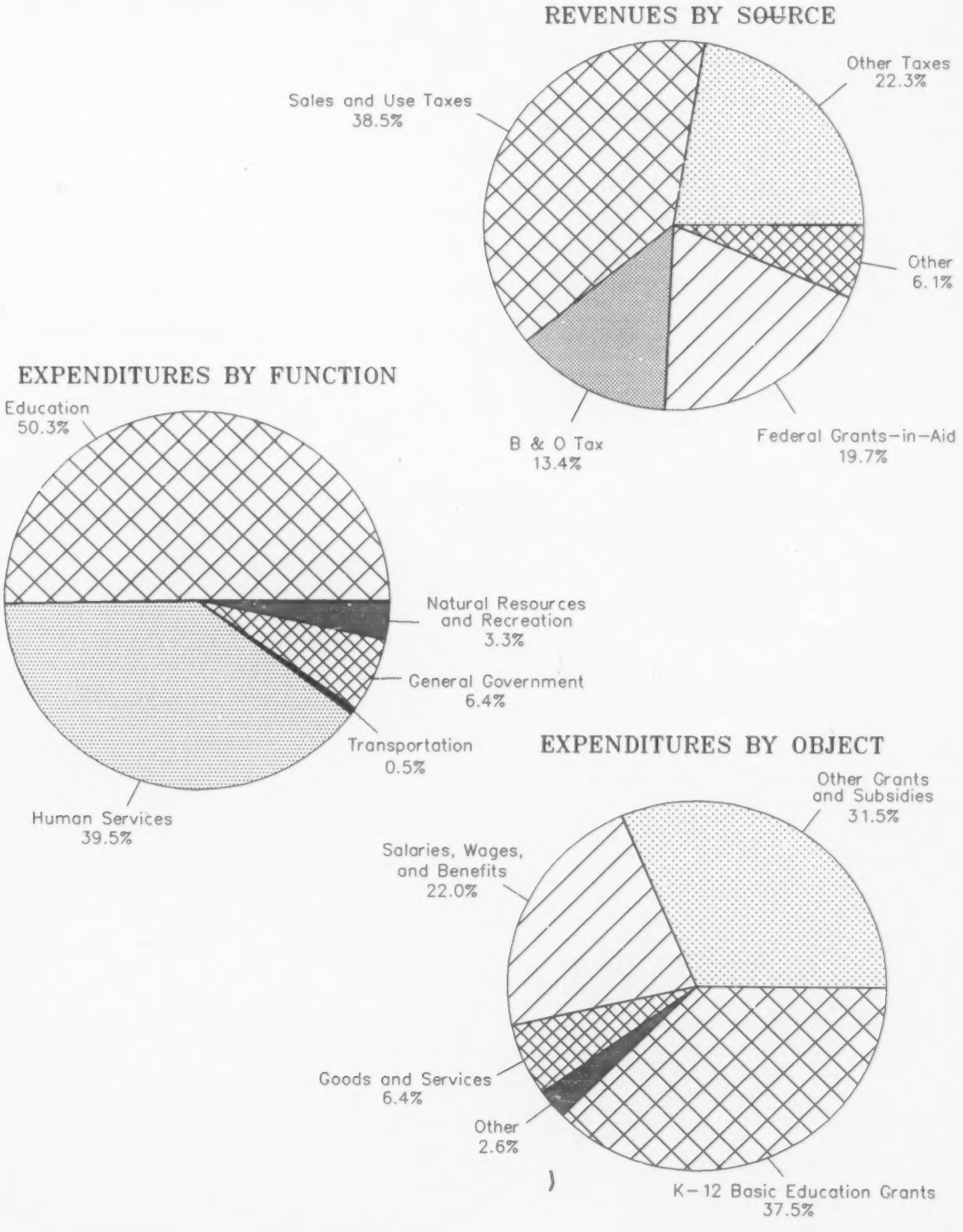


Graphic Presentation of Revenues and Expenditures
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1989



STATE OF WASHINGTON

Graphic Presentation of Revenues and Expenditures
General Fund
For the Fiscal Year Ended June 30, 1989



DIXY LEE RAY
GOVERNOR (1977-1981)

Born: September 3, 1914

In 1977, scientist Dixy Lee Ray took the office of Governor. Ray had never before run for public office when her election made her the first woman in state history, and only the second woman in American history, to win a governorship that her husband had not previously held.

Before becoming a gubernatorial candidate Ray held a number of prestigious positions. Among them, professor of Zoology at the University of Washington; Director of the Pacific Science Center; Special Consultant in biological oceanography for the National Science Foundation; Special Assistant to the Director of the National Science Foundation; member of the Presidential Task Force on Oceanography; Assistant Secretary of State for the Bureau of Oceans, International Environmental and Scientific Affairs; and most important, chairman of the Atomic Energy Commission. She received both her B.A. (1937) and M.A. (1938) from Mills College and her Ph. D. from Stanford University (1945). In addition, she holds awards and honorary degrees from all over the world.

Governor Ray stressed the need for economic development and the controlled use of nuclear power. During her administration, she emphasized spending control and sought to streamline the bureaucracy while cutting taxes. She also backed the construction of a Trident submarine base on Puget Sound and endorsed allowing supertankers to carry oil from Alaska through the Sound. Not surprisingly, many of her chief opponents were environmentalists.

Ray's colorful and unorthodox personality soon gained her an abundance of national media attention--not all of which was good--and sparked a battle between the Governor and the local press. Her outspokenness also resulted in some serious conflicts with her own Democratic party and in 1980 she was defeated in the primary by State Senator Jim McDermott.

After four years as governor, Dixy Lee Ray returned to her Fox Island home where she lives with her sister.

FINANCIAL SECTION

ROBERT V. GRAHAM
STATE AUDITOR

JACK HEINRICHER
ASSISTANT STATE AUDITOR

Office of State Auditor

LEGISLATIVE BUILDING AS-21
OLYMPIA, WASHINGTON 98504-0421
(206) 753-5277

December 18, 1989

INDEPENDENT AUDITOR'S REPORT

The Honorable Booth Gardner
Governor, State of Washington

Dear Governor Gardner:

We have audited the accompanying general purpose financial statements of the state of Washington as of June 30, 1989 and for the year then ended. These financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the state of Washington as of June 30, 1989, and the results of its operations and the changes in financial position of its proprietary and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 4 to the financial statements, the state of Washington made fund type and account group reclassifications of certain funds and accounts.

As discussed in Note 8 to the financial statements, the state of Washington is a defendant in certain legal proceedings. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the table of contents, and the budgetary reports (MFS1054 and MFS1064) referenced in note 1.D. are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the state of Washington. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical section of this report is not a required part of the general purpose financial statements, and we did not audit or apply limited procedures to such information and do not express any assurance on such information.

Very truly yours,

Robert V. Graham

ROBERT V. GRAHAM
STATE AUDITOR

RVG:hs

SAO 40-1250 (Rev. 3-87) -1265

DANIEL J. EVANS
GOVERNOR (1965-1977)

Born: October 16, 1925

Daniel J. Evans graduated from Roosevelt High School in Seattle in 1943. After the end of his tour of duty in the Navy from 1943-1946, he enrolled at the University of Washington, graduating in 1949 with a Master of Science degree in Civil Engineering.

Evans ran for the state legislature in 1956. His fellow Republicans there recognized his quiet yet convincing personality by naming him Republican Party Floor Leader, a post he held from 1961 to 1965. In 1965 Evans was first elected to the office of governor, where he would become the only person to date to retain the governorship for three consecutive terms. In his inaugural address in 1965, Governor Evans pledged a "search for excellence" in developing new programs to realize the industrial and economic potential of the state.

The strains produced by an expanding, and then suddenly deflating, economy were the preoccupation of Evans' administration. In 1969, his tax reform was supported by both houses, but was rejected by voters who refused to ratify the corresponding initiative in 1970.

During the same period, the state's economy suffered a major shock when Boeing Aircraft Company of Seattle, the state's largest single employer, cut its work force from 90,000 to 29,000 within two years. When the consequences of this and other adverse developments reached their greatest extent, Washington had become one of the hardest hit areas in the nation, with an unemployment rate exceeding 12 percent. Significant legislation in 1970 called for new bond issues for the construction of educational and recreational facilities, and for waste treatment plants. The measure projected the creation of 30,000 new jobs per year from 1973 to 1980.

Governor Evans was especially concerned with the many aspects of the state's natural resources and environment. Significant legislation was obtained for water and air pollution controls in the 1965 and 1970 sessions. The record of Governor Evans' administration is notable in two other respects. First, his programs were pursued, and a majority of them enacted, while a predominantly Democratic legislature was in power. Second, his administration was set against a backdrop of emotionally charged state and national issues, including the right to vote for 18 year old citizens, the Vietnam War and Watergate.

Former Governor Evans remains active in the political arena today.

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF WASHINGTON

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1989
(expressed in thousands)

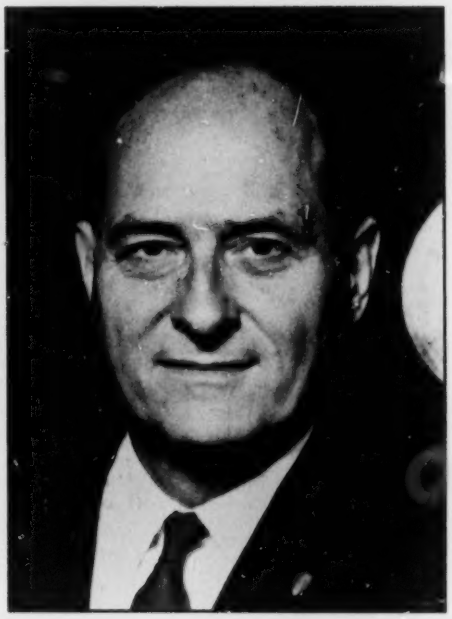
	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS				
ASSETS:				
Cash and pooled investments	$ 773,828	$ 777,096	$ 80,494	$ 52,562
Investments	928	3,200	.....	125
Taxes receivable (net of allowance)	687,981	7,368	.....	.....
Other receivables (net of allowance)	119,043	114,053	187	5,158
Due from other funds	168,025	172,199	8,898	14,125
Due from other governments	231,314	96,756	.....	18
Inventories	12,233	19,748	.....	.....
Prepaid expenses	.....	.....	.....	.....
Other nonfixed assets	.....	.....	.....	.....
Land	.....	.....	.....	.....
Buildings	.....	.....	.....	.....
Other improvements and miscellaneous	.....	.....	.....	.....
Furnishings and equipment	.....	.....	.....	.....
Accumulated depreciation	.....	.....	.....	.....
Construction in progress	.....	.....	.....	.....
OTHER DEBITS:				
Amount available in debt service funds	.....	.....	.....	.....
Amount to be provided for retirement of general long-term obligations	.....	.....	.....	.....
Total Assets and Other Debits	$ 1,993,352	$ 1,190,420	$ 89,579	$ 71,988
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	$ 251,381	$ 80,631	$	$ 9,402
Contracts and retainages payable	15,166	62,140	979	7,363
Accrued liabilities	73,899	53,981	512	252
Matured bonds payable	.....	.....	.....	.....
Due to other funds	192,645	55,702	96	26,150
Due to other governments	3,401	33,169	.....	86
Deferred revenues	718,274	157,759	.....	4,391
Current workers' comp benefits payable	.....	.....	.....	.....
Long-term workers' comp benefits payable	.....	.....	.....	.....
Bonds payable	.....	.....	.....	.....
Accrued retirement obligations	.....	.....	.....	.....
Other long-term obligations	.....	.....	.....	.....
Total Liabilities	1,254,766	443,382	1,587	47,644
FUND EQUITY AND OTHER CREDITS:				
Unrealized gain on investments	.....	.....	.....	.....
Contributed capital	.....	.....	.....	.....
Investment in general fixed assets	.....	.....	.....	.....
Retained earnings:				
Reserved	.....	.....	.....	.....
Unreserved	.....	.....	.....	.....
Fund balances:				
Reserved for:				
Encumbrances	589	123,969	.....	4,997
Inventories	12,233	19,748	.....	.....
Restricted accounts	147,494	.....	.....	.....
Nonexpendable trust corpus	.....	.....	.....	.....
Unemployment compensation	.....	.....	.....	.....
Retirement systems	.....	.....	.....	.....
Other specific purposes	122,379	4,735	.....	150
Unreserved:				
Designated for debt service	.....	.....	87,992	.....
Designated for other specific purposes	.....	60,501	.....	19,197
Undesignated	455,891	538,085	.....	.....
Total Fund Equity and Other Credits	738,586	747,038	87,992	24,344
Total Liabilities, Fund Equity and Other Credits	$ 1,993,352	$ 1,190,420	$ 89,579	$ 71,988

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	JUNE 30, 1989	JUNE 30, 1988
$ 164,137	$ 98,955	$ 2,221,650	$	$	$ 4,168,722	$ 3,009,496
3,598,705	2,000	12,932,908	.....	.....	16,537,866	14,433,019
2,771	.....	.....	.....	.....	698,120	665,800
275,371	2,189	278,369	.....	.....	794,370	1,025,636
28,598	68,128	97,801	.....	.....	557,774	462,272
16,015	6,530	82,414	.....	.....	433,047	305,268
55,572	20,999	226	.....	.....	108,778	112,798
2,469	23	.....	.....	.....	2,492	2,111
275	640	40,957	.....	.....	41,872	61,091
23,467	1,252	.....	302,130	.....	326,849	285,628
661,778	15,053	.....	1,876,417	.....	2,553,248	2,228,473
139,682	4,711	.....	415,293	.....	559,686	529,618
389,701	272,035	.....	651,003	.....	1,312,739	1,308,393
(292,342)	(158,301)	.....	(1,042,327)	.....	(1,492,970)	(1,446,129)
18,972	.....	.....	173,239	.....	192,211	318,006
.....	.....	.....	.....	87,992	87,992	85,443
.....	.....	.....	.....	6,997,129	6,997,129	7,045,071
$ 5,085,171	$ 334,214	$ 15,654,325	$ 2,375,755	$ 7,085,121	$ 33,879,925	$ 30,431,994
$ 39,449	$ 16,770	$ 13,542	$	$	$ 411,175	$ 299,208
31,679	5,968	16,170	.....	.....	139,465	121,875
56,331	33,501	98,357	.....	.....	316,833	289,357
11,292	.....	.....	.....	.....	11,292	8,122
89,302	40,225	153,654	.....	.....	557,774	462,272
3,119	135	758,920	.....	.....	798,830	604,125
12,827	5,080	39,271	.....	.....	937,602	936,951
517,728	.....	105,669	.....	.....	623,397	541,043
2,915,359	.....	.....	.....	2,847,331	5,762,690	5,885,482
315,472	.....	.....	.....	3,314,902	3,630,374	3,479,889
.....	.....	.....	.....	786,400	786,400	681,150
142,578	6,645	167,767	.....	136,488	453,478	362,012
4,135,136	108,324	1,353,350	.....	7,085,121	14,429,310	13,671,486
97,668	.....	1,949,180	.....	.....	2,046,848	1,375,682
439,371	31,495	.....	.....	.....	470,866	457,038
.....	.....	.....	2,375,755	.....	2,375,755	2,179,940
.....	.....	.....	.....	.....	.....	5,492
412,996	194,395	.....	.....	.....	607,391	532,439
.....	.....	.....	.....	.....	129,555	479,966
.....	.....	226	.....	.....	32,207	32,490
.....	.....	.....	.....	.....	147,494	121,645
.....	.....	548,197	.....	.....	548,197	498,460
.....	.....	1,203,206	.....	.....	1,203,206	839,833
.....	.....	10,396,544	.....	.....	10,396,544	9,368,453
.....	.....	88,596	.....	.....	215,860	216,482
.....	.....	.....	.....	.....	87,992	85,443
.....	.....	3,875	.....	.....	83,573	104,722
.....	.....	111,151	.....	.....	1,105,127	462,423
950,035	225,890	14,300,975	2,375,755	.....	19,450,615	16,760,508
$ 5,085,171	$ 334,214	$ 15,654,325	$ 2,375,755	$ 7,085,121	$ 33,879,925	$ 30,431,994

ALBERT D. ROSELLINI
GOVERNOR (1957 - 1965)

Born: January 21, 1910



Albert D. Rosellini entered the office of governor with eighteen years of experience as a state senator behind him. Skilled in practical politics and equipped with a keen sense of public relations, Governor Rosellini quickly set to work to give the executive department a much needed overhauling.

His first two years in office were remarkable for the reforms instituted and the results achieved. Largely due to his personal prodding, the legislature created the Department of Commerce and Economic Development, and a new budget and accounting system was installed to replace the archaic system that had grown up haphazardly. The Department of Institutions was revitalized, as were the Tax Commission, the State Fisheries Department, the Department of Agriculture, and the Department of General Administration. Rosellini also pushed through the State Civil Service Act, which put state employees on a merit system of hiring and promotion. During the sharp economic recession of 1957 - 1958, Governor Rosellini speeded public works. It was estimated that 50,000 jobs were created through stepped-up highway construction programs.

The passage of these measures was facilitated by a large Democratic majority in the legislature during Rosellini's first few years. In 1961 there was still a Democratic majority but it was smaller. Nevertheless, significant progress was made. The new Hood Canal Floating Bridge was opened, the second Lake Washington Bridge was completed and dedicated, and the new freeway connecting Everett and Tacoma was nearing completion. In Shelton, work was begun on a new adult corrections facility, and the first steps were taken to develop and expand the nuclear industry.

After Rosellini's two terms as Governor, he remained active in public service and private industry. Currently, the former Governor resides in Seattle.

STATE OF WASHINGTON

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	YEAR ENDED JUNE 30, 1989	YEAR ENDED JUNE 30, 1988
REVENUES:							
Retail sales taxes	$2,870,813	$	$	$	$	$ 2,870,813	$ 2,629,380
Business and occupation taxes	1,000,329					1,000,329	886,155
Property taxes	637,784					637,784	617,741
Excise taxes	497,214	53,561				550,775	475,586
Motor vehicle and fuel taxes	1,952	451,681				453,633	435,086
Other taxes	527,148	74,860				602,008	587,725
Licenses, permits, and fees	57,778	250,212			86	308,076	287,987
Federal grants-in-aid	1,467,495	758,203	164	2	121,661	2,347,525	2,028,090
Charges for services	207,085	132,021		14,540	9,764	363,410	316,077
Unemployment comp. contributions					653,197	653,197	669,662
Workers' compensation contributions					123,438	123,438	113,286
Miscellaneous revenue	190,486	298,682	11,580	11,210	153,730	665,688	530,342
Total Revenues	7,458,084	2,019,220	11,744	25,752	1,061,876	10,576,676	9,577,117
EXPENDITURES:							
Current:							
General government	441,020	199,244		1,484	54,111	695,859	629,142
Human services	2,797,659	89,619		6,644	490,974	3,384,896	3,056,462
Natural resources and recreation	220,623	162,972		4,369	227	388,191	326,988
Transportation	34,613	441,623		278		476,514	468,094
Education	3,543,408	449,049		17,420	110,390	4,120,267	3,763,811
Capital outlays	91,035	557,843		190,357	1,398	840,633	706,351
Debt service:							
Principal	8,725	6,401	128,920	357	81	144,484	126,262
Interest	1,246	1,475	223,314	336	234	226,605	218,040
Total Expenditures	7,138,329	1,908,226	352,234	221,245	657,415	10,277,449	9,295,150
Excess of Revenues Over (Under) Expenditures	319,755	110,994	(340,490)	(195,493)	404,461	299,227	281,967
OTHER FINANCING SOURCES (USES):							
Bond sale proceeds		157,100		72,887		229,987	370,550
Proceeds of refunding bonds			383,702			383,702	
Payment to refunded bond escrow agent			(383,702)			(383,702)	
Note proceeds				5,732		5,732	
Operating transfers in	281,891	77,086	396,719	48,400	43,534	847,630	890,347
Operating transfers out	(383,262)	(207,406)	(53,680)	(32,510)	(35,790)	(712,648)	(751,110)
Capital lease acquisitions	3,655	177				3,832	6,880
Total Other Financing Sources (Uses)	(97,716)	26,957	343,039	94,509	7,744	374,533	516,667
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	222,039	137,951	2,549	(100,984)	412,205	673,760	798,634
FUND BALANCES:							
Fund balances as restated, July 1	516,547	609,030	85,443	125,328	994,898	2,331,246	1,532,216
Residual equity transfers in		188				188	22,384
Residual equity transfers out		(131)			(45)	(176)	(10,226)
Fund Balances, June 30	$ 738,586	$ 747,038	$ 87,992	$ 24,344	$1,407,058	$ 3,005,018	$ 2,343,008

The notes to the financial statements are an integral part of this statement.

STATE OF WASHINGTON

Combined Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
All Governmental Fund Types
For the Biennium Ended June 30, 1989
(expressed in thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
REVENUES:						
Taxes	$10,581,337	$10,633,623	$ 52,286	$ 1,115,536	$ 1,113,392	$ (2,144)
Licenses, permits, and fees	121,770	112,210	(9,560)	475,713	483,766	8,053
Federal grants-in-aid	2,807,824	2,679,124	(128,700)	1,513,848	1,419,817	(94,031)
Charges for services	373,676	386,137	12,461	211,713	245,339	33,626
Miscellaneous revenue	281,278	345,913	64,635	495,372	570,816	75,444
Total Revenues	14,165,885	14,157,007	(8,878)	3,812,182	3,833,130	20,948
EXPENDITURES:						
Current:						
General government	851,469	829,107	22,362	403,477	387,999	15,478
Human services	5,410,728	5,303,035	107,693	171,923	155,050	16,873
Natural resources and recreation	462,347	420,661	41,686	182,372	159,934	22,438
Transportation	81,407	71,107	10,300	638,468	589,529	48,939
Education	6,946,774	6,884,825	61,949	876,715	906,942	(30,227)
Capital outlays	101,953	15,932	86,021	1,975,002	1,429,683	545,319
Debt service	.....	.....	.....	.....	.....	.....
Total Expenditures	13,854,678	13,524,667	330,011	4,247,957	3,629,137	618,820
Excess of Revenues Over (Under) Expenditures	311,207	632,340	321,133	(435,775)	203,993	639,768
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds	.....	.....	.....	621,130	303,600	(317,530)
Proceeds of refunding bonds	.....	.....	.....	.....	.....	.....
Payment to refunded bond escrow agent	.....	.....	.....	.....	.....	.....
Note proceeds	.....	.....	.....	.....	.....	.....
Operating transfers in	586,258	615,609	29,351	113,883	189,530	75,647
Operating transfers out	(815,680)	(811,509)	4,171	(320,799)	(424,703)	(103,904)
Total Other Financing Sources (Uses)	(229,422)	(195,900)	33,522	414,214	68,427	(345,787)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 81,785	$ 436,440	$ 354,655	$ (21,561)	$ 272,420	$ 293,981

The notes to the financial statements are an integral part of this statement.

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			TOTALS (MEMORANDUM ONLY)		
APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
$.....	$.....	$.....	$.....	$.....	$.....	$11,696,873	$11,747,015	$ 50,142
.....	.....	.....	.....	.....	.....	597,483	595,976	(1,507)
.....	328	328	2	2	.....	4,321,674	4,099,271	(222,403)
.....	.....	.....	29,313	29,509	196	614,702	660,985	46,283
48,897	21,701	(27,196)	14,323	18,463	4,140	839,870	956,893	117,023
48,897	22,029	(26,868)	43,638	47,974	4,336	18,070,602	18,060,140	(10,462)
.....	.....	.....	799	546	253	1,255,745	1,217,652	38,093
.....	.....	.....	.....	.....	.....	5,582,651	5,458,085	124,566
.....	.....	.....	.....	.....	.....	644,719	580,595	64,124
.....	.....	.....	.....	.....	.....	719,875	660,636	59,239
.....	.....	.....	.....	.....	.....	7,823,489	7,791,767	31,722
.....	.....	.....	673,318	405,020	268,298	2,750,273	1,850,635	899,638
691,473	679,899	11,574	.....	.....	.....	691,473	679,899	11,574
691,473	679,899	11,574	674,117	405,566	268,551	19,468,225	18,239,269	1,228,956
(642,576)	(657,870)	(15,294)	(630,479)	(357,592)	272,887	(1,397,623)	(179,129)	1,218,494
.....	.....	.....	532,700	296,937	(235,763)	1,153,830	600,537	(553,293)
.....	383,702	383,702	.....	.....	.....	.....	383,702	383,702
.....	(383,702)	(383,702)	.....	.....	.....	.....	(383,702)	(383,702)
.....	.....	.....	.....	5,732	5,732	.....	5,732	5,732
700,834	734,887	34,053	35,586	74,119	38,533	1,436,561	1,614,145	177,584
(31,712)	(57,259)	(25,547)	(49,312)	(52,380)	(3,068)	(1,217,503)	(1,345,851)	(128,348)
669,122	677,628	8,506	518,974	324,408	(194,566)	1,372,888	874,563	(498,325)
$ 26,546	$ 19,758	$ (6,788)	$ (111,505)	$ (33,184)	$ 78,321	$ (24,735)	$ 695,434	$ 720,169

STATE OF WASHINGTON

Combined Statement of Revenues, Expenses, and Changes in Fund Equity
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	YEAR ENDED JUNE 30, 1989	YEAR ENDED JUNE 30, 1988
OPERATING REVENUES:						
Sales	$ 286,060	$ 89,138	$	$	$ 375,198	$ 357,763
Less: Cost of goods sold	197,875	75,862			273,737	264,461
Gross profit	88,185	13,276			101,461	93,302
Charges for services	305,213	529,808	6		835,027	547,305
Earnings on investments			44,087	869,367	913,454	994,036
Pension contributions				785,951	785,951	687,464
Workers' compensation contributions	646,099				646,099	606,234
Lottery ticket proceeds	255,411				255,411	214,048
Miscellaneous revenue	91,204	11,094	39,324	2,273	143,895	160,977
Total Operating Revenues	1,386,112	554,178	83,417	1,657,591	3,681,298	3,303,366
OPERATING EXPENSES:						
Salaries and wages	247,757	95,593		59	343,409	320,851
Personal services	18,623	7,232		1,474	27,329	27,232
Goods and services	191,733	358,423		315	550,471	291,743
Travel	8,418	2,325		2	10,745	10,086
Employee benefits	53,571	21,536		18	75,125	64,897
Workers' compensation benefits	810,290				810,290	867,958
Lottery prize payments	117,688				117,688	102,597
Depreciation and amortization	34,554	32,322			66,876	65,439
Pension benefit payments				626,938	626,938	581,061
Miscellaneous expenses	25,725	10,563			36,288	17,585
Total Operating Expenses	1,508,359	527,994		628,806	2,665,159	2,349,449
Operating Income (Loss)	(122,247)	26,184	83,417	1,028,785	1,016,139	953,917
NONOPERATING REVENUES (EXPENSES):						
Other revenue (expenses)	1,859	(811)	271		1,319	1,183
Interest income	301,505	5,006			306,511	287,713
Interest expense	(21,397)	(546)			(21,943)	(14,189)
Liquor profits distributed to local governments	(23,250)				(23,250)	(21,870)
Total Nonoperating Revenues (Expenses)	258,717	3,649	271		262,637	252,837
Income Before Operating Transfers	136,470	29,833	83,688	1,028,785	1,278,776	1,206,754
OPERATING TRANSFERS:						
Operating transfers in	344,224	3,699	884		348,807	335,699
Operating transfers out	(438,682)	(8,083)	(36,329)	(695)	(483,789)	(474,936)
Net operating transfers in (out)	(94,458)	(4,384)	(35,445)	(695)	(134,982)	(139,237)
Net Income (loss) before extraordinary item	42,012	25,449	48,243	1,028,090	1,143,794	1,067,517
EXTRAORDINARY ITEMS:						
Bond refunding gain (loss)	(14,340)				(14,340)	
NET INCOME (LOSS)	27,672	25,449	48,243	1,028,090	1,129,454	1,067,517
FUND EQUITY:						
Fund equity as restated, July 1	798,946	205,738	499,950	10,743,190	12,247,824	11,718,563
Residual equity transfers in				672	672	814
Residual equity transfers out		(1,619)		(672)	(2,291)	(21,391)
Unrealized gain (loss) on investments	96,723			574,444	671,167	(586,499)
Contributions of capital	26,694	810			27,504	58,556
Return of Contributed of capital		(4,488)			(4,488)	
Fund Equity, June 30	$ 950,035	$ 225,890	$ 548,193	$12,345,724	$ 14,069,842	$ 12,237,560

The notes to the financial statements are an integral part of this statement.

STATE OF WASHINGTON

Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	YEAR ENDED JUNE 30, 1989	YEAR ENDED JUNE 30, 1988
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
Net income (loss) before extraordinary item	$ 42,012	$ 25,449	$ 48,243	$ 1,028,090	$ 1,143,794	$ 1,067,517
Items not requiring working capital in the current period:						
Depreciation and amortization	34,554	32,322	.....	.....	66,876	65,439
Amortization of premiums/discounts on investments	12,423	.....	(800)	8,358	19,981	23,468
Working Capital Provided by Operations Before Extraordinary Items	88,989	57,771	47,443	1,036,448	1,230,651	1,156,424
Extraordinary bond refunding loss	(14,340)	.....	.....	.....	(14,340)	.....
Working Capital Provided by Operations and Extraordinary Items	74,649	57,771	47,443	1,036,448	1,216,311	1,156,424
OTHER SOURCES:						
Sales of noncurrent investments	6,948,977	349	196,090	16,551,250	23,696,666	9,646,869
Disposal of fixed assets	47,018	20,066	.....	.....	67,084	56,190
Disposal of other nonfixed assets	2,222	949	2,967	.....	6,138	6,253
Increase in long-term workers' comp	194,258	.....	.....	.....	194,258	362,630
Proceeds from sale of bonds payable	107,430	.....	.....	.....	107,430	30,565
Proceeds from other long-term oblig	50,810	7,239	432	.....	58,481	58,838
Unrealized gain on investments	96,723	.....	.....	574,444	671,167	.....
Contributions of capital	26,694	810	.....	.....	27,504	50,137
Fund equity transfers in	.....	.....	.....	672	672	9,233
Total Sources of Working Capital	7,548,781	87,184	246,932	18,162,814	26,045,711	11,377,139
USES OF WORKING CAPITAL:						
Purchases of noncurrent investments	7,388,526	351	273,978	18,112,660	25,775,515	10,563,047
Acquisitions of fixed assets	115,229	50,974	.....	.....	166,203	216,445
Acquisitions of other nonfixed assets	81	.....	3,876	.....	3,957	21,457
Retirement of long-term bonds payable	105,823	.....	.....	.....	105,823	8,122
Repayment of other long-term oblig	6,468	9,237	.....	.....	15,705	32,524
Unrealized loss on investments	.....	.....	.....	.....	.....	586,499
Return of Contributed capital	.....	4,488	.....	.....	4,488	.....
Fund equity transfers out	.....	1,619	.....	672	2,291	21,391
Total Uses of Working Capital	7,616,127	66,669	277,854	18,113,332	26,073,982	11,449,485
Net Increase (Decrease) in Working Capital	$ (67,346)	$ 20,515	$ (30,922)	$ 49,482	$ (28,271)	$ (72,346)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
Cash and pooled investments	$ 22,354	$ 42,724	$ (25,943)	$ 15,676	$ 54,811	$ 45,650
Receivables (net of allowance)	(13,242)	750	2,709	5,909	(3,874)	37,605
Due from other funds	(10,406)	27,579	385	41	17,599	16,122
Due from other governments	3,099	(1,317)	.....	28,563	30,345	(39,164)
Inventories	(5,241)	1,504	.....	.....	(3,737)	3,030
Prepaid expenses	568	(187)	.....	.....	381	343
Accounts payable	(4,908)	(1,886)	.....	(566)	(7,360)	(12,026)
Contracts and retainages payable	(1,825)	550	(1,667)	.....	(2,942)	8,908
Accrued liabilities	92	(21,664)	(2,738)	58	(24,252)	(13,899)
Matured bonds payable	(3,170)	.....	.....	.....	(3,170)	(492)
Due to other funds	24,007	(25,605)	(2,738)	(199)	(4,535)	(60,672)
Due to other governments	1,083	(87)	.....	.....	996	(4,224)
Deferred revenue	2,547	(1,846)	(930)	.....	(229)	(17,560)
Current workers' compensation benefits payable	(82,304)	.....	.....	.....	(82,304)	(35,967)
Net Increase (Decrease) in Working Capital	$ (67,346)	$ 20,515	$ (30,922)	$ 49,482	$ (28,271)	$ (72,346)

The notes to the financial statements are an integral part of this statement.

STATE OF WASHINGTON

Combined Statement of Revenues and Expenses
Budget and Actual
All Proprietary Fund Types
For the Biennium Ended June 30, 1989
(expressed in thousands)

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS		
	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:						
Sales	$ 551,093	$ 563,227	$ 12,134	$ 159,273	$ 169,734	$ 10,461
Charges for services	596,735	600,051	3,316	773,683	786,287	12,604
Workers' compensation contributions	1,222,650	1,252,333	29,683	.....	.....	.....
Lottery ticket proceeds	472,710	469,459	(3,251)	.....	.....	.....
Miscellaneous revenues	184,062	195,747	11,685	29,890	24,729	(5,161)
Total Operating Revenues	3,027,250	3,080,817	53,567	962,846	980,750	17,904
EXPENSES:						
Allotted expenses	1,114,029	1,082,572	31,457	381,986	361,628	20,358
Nonallotted expenses (adjustments)	2,315,559	2,399,605	(84,046)	527,581	585,182	(57,601)
Total Expenses	3,429,588	3,482,177	(52,589)	909,567	946,810	(37,243)
Net Operating Revenues Over (Under) Expenses	(402,338)	(401,360)	978	53,279	33,940	(19,339)
NONOPERATING REVENUES:						
Other revenue (loss)	2,173	1,732	(441)	3,330	307	(3,023)
Interest income	622,092	586,720	(35,372)	4,608	8,224	3,616
Bond refunding gain (loss)	.....	(14,341)	(14,341)	.....	.....	.....
Total Nonoperating Revenues	624,265	574,111	(50,154)	7,938	8,531	593
Income (Loss) Before Operating Transfers	221,927	172,751	(49,176)	61,217	42,471	(18,746)
OPERATING TRANSFERS:						
Operating transfers in		650,648			13,928	
Operating transfers out		(847,291)			(19,078)	
Net Operating Transfers In (Out)	(216,183)	(196,643)	19,540	(3,053)	(5,150)	(2,097)
NET INCOME (LOSS)	$ 5,744	$ (23,892)	$ (29,636)	$ 58,164	$ 37,321	$ (20,843)

The notes to the financial statements are an integral part of this statement.

TOTALS (MEMORANDUM ONLY)		
ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$ 710,366	$ 732,961	$ 22,595
1,370,418	1,386,338	15,920
1,222,650	1,252,333	29,683
472,710	469,459	(3,251)
213,952	220,476	6,524
3,990,096	4,061,567	71,471
1,496,015	1,444,200	51,815
2,843,140	2,984,787	(141,647)
4,339,155	4,428,987	(89,832)
(349,059)	(367,420)	(18,361)
5,503	2,039	(3,464)
626,700	594,944	(31,756)
.....	(14,341)	(14,341)
632,203	582,642	(49,561)
283,144	215,222	(67,922)
-	664,576	
	(866,369)	
(219,236)	(201,793)	17,443
$ 63,908	$ 13,429	$ (50,479)

ARTHUR B. LANGLIE
GOVERNOR
(1941-1945, 1949-1957)

Born: July 25, 1900
Died: July 24, 1966

Arthur Langlie was a native of Minnesota, moving to Bremerton, Washington in 1910. He graduated from the University of Washington and was a practicing attorney. In 1935 he was elected to the Seattle City Council and in 1938 was elected mayor. In the gubernatorial election of 1940, Langlie was the only Republican to be elected to a state-wide office. The legislature was heavily Democratic, but a remarkable degree of harmony prevailed, owing largely to the unifying affect of World War II.

Langlie was elected governor three times. Although defeated for re-election in 1944 by some 28,000 votes, he was far from through as a candidate for the office. Remarkably, in 1948, Langlie returned to the statehouse to lead Washington for the next eight years.

By 1942, Seattle and the Puget Sound area had become one of the great war-time production centers of the country. Due to the area's incredible growth, the cost of running the state government reached new heights, but in 1944 the state treasurer reported a cash surplus of over eighty-eight million dollars. This resulted primarily from boosted revenues from excise taxes.

When Langlie re-assumed office in 1949, the state government had accumulated a large financial deficit. A U.S. Department of Commerce study of state government finances revealed that in expenditures per capita, Washington State topped the list, spending more than twice the national average. To meet the situation, Governor Langlie called for new taxes and a stringent austerity program, but a State Supreme Court decision voided the imposition of the new taxes.

After twelve years in office, with his first and his last two separated by four years of active military service, Governor Langlie retired. In his parting address to the legislature in 1957, Langlie was able to point to a substantial surplus in the treasury and to advances in every economic activity.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the state of Washington have been prepared in conformity with generally accepted accounting principles (GAAP). The primary authority for the state's accounting and reporting requirements is the Office of Financial Management (OFM). OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles nationally. The more significant of the state's accounting policies are as follows:

A. Reporting Entity

In evaluating how to define the state of Washington, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the state's reporting entity.

Included within the reporting entity:

STATE AGENCIES - Except as otherwise described herein, all state elected offices, departments, agencies, commissions, boards, committees, authorities, and councils (agencies) and all funds and account groups of the state are included in the state's reporting entity. Executives of these agencies are either elected, directly appointed by the governor, appointed by a board which is appointed by the governor, or appointed by a board which is in part appointed by the governor. The state legislature created these agencies, assigns their programs, approves operational funding, and requires financial accountability. The legislature also authorizes all bond issuances for capital construction projects for the benefit of state agencies. The legal liability for these bonds and the ownership of agency assets resides with the state.

COMMUNITY COLLEGES, COLLEGE, AND UNIVERSITIES - The governing boards of the 24 state community colleges and districts, the state college, and the five state universities (colleges) are appointed by the governor. Each college's governing board appoints a president to function as the chief administrator. The state legislature approves all budgets and budget amendments for the colleges and requires financial accountability. Colleges are authorized by statute to issue bonds for capital construction. The legal liability for the bonds and the ownership of college assets resides with the state. Financial operations of the state's colleges have been included in the accompanying financial statements and reported using the fund structure prescribed by GASB; not according to the fund structure of the National Association of College and University Business Officers.

RETIREMENT SYSTEMS - The state of Washington, through the Department of Retirement Systems, administers five retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the Teachers' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, and the Judicial Retirement System. The Volunteer Fire Fighters' Relief and Pension Fund retirement system is administered through the Board for Volunteer Fire Fighters'. The governor appoints the director of the Department of Retirement Systems and the Board for Volunteer Fire Fighters' to manage these systems. An additional Higher Education supplement retirement plan is administered through the individual higher education institutions. The state legislature establishes laws pertaining to the creation and administration of all public retirement systems. The state and public retirement systems' participants provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

The WASHINGTON HEALTH CARE FACILITIES AUTHORITY, the WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY, and the WASHINGTON STATE HOUSING FINANCE COMMISSION are included in the state's reporting entity, however they are authorized to issue nonrecourse revenue bonds and the debt is excluded from the reporting entity. Bond proceeds are loaned to qualified nonprofit health care and higher education facilities for construction and related improvements, and to qualified home buyers for new, existing, or improved residential dwellings. These bonds do not constitute either a legal or moral obligation of the state or these authorities, nor does the state or these authorities pledge their faith and credit for the payment of such bonds. Debt service on the bonds is payable solely from payments pursuant to loan agreements.

Excluded from the reporting entity:

Washington's AGRICULTURAL COMMODITY COMMISSIONS are organized under state laws and by agricultural industry leaders to enable farm product producers to assess themselves and accumulate funds primarily for commodity advertising and research. Commission members are elected by the producers, handlers, and/or dealers they represent, except for Beef Commission members who are appointed by the governor. These potential component units are excluded from the reporting entity because the state does not have the ability to exercise influence over their daily operations, approve budgets, or provide funding. Financial reports of the Agricultural Commodity Commissions may be obtained from each commission.

The WASHINGTON PUBLIC POWER SUPPLY SYSTEM (WPPSS) was established in 1957 by a group of seventeen public electrical utilities (member utilities) throughout the state. The Executive Board, WPPSS's governing authority, consists of 11 members, eight of which are selected by the member utilities and three of which are appointed by the governor. The Executive Board has total responsibility for WPPSS's operations and approves all budgets. The member utilities have undivided ownership of all common facilities and assets of WPPSS. All debt, bonded or otherwise, is the responsibility of WPPSS and the member utilities, and is neither a legal nor a moral obligation of the state.

B. Fund Accounting Structure

The state uses approximately 461 accounts which have been administratively combined into 46 funds and 2 account groups. The state uses these funds and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets (General Fixed Assets Account Group) and liabilities (General Long-Term Obligations Account Group) that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental; proprietary; and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for activities of the general government not accounted for in some other fund.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund, or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds are generally used to account for assets that the government holds on behalf of others as their agent.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary, nonexpendable trust, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Equity (i.e., net total assets) in proprietary funds is segregated into reserved and unreserved retained earnings components. Fund equity for nonexpendable trust and pension trust funds is shown as reserved for nonexpendable trust corpus and reserved for retirement systems respectively. Proprietary, nonexpendable trust, and pension trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. All other accrued revenue sources are determined to be available if collectible within 12 months. Sales taxes, business and occupation taxes, excise taxes, motor fuel taxes, unemployment compensation contributions, and other self-assessed revenues are considered measurable when the return is received. Revenues from licenses, permits, and fees are recognized when received in cash.

Property taxes are levied in December for the following calendar year. The first half year collections are due April 30 and the second half year collection are due October 31. Since the state is on a fiscal year ending June 30, the first half year collections are recognized as revenue, if collectible within 60 days of the fiscal year end. The second half year collections are recognized as receivables offset by deferred revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are recognized when the related fund liability is incurred. Exceptions to the general modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness which are recognized when due and compensated absences which are recognized when paid.

All proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related liability is incurred.

The state reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and the "available" criteria for revenue recognition in the current period. Deferred revenues also arise when resources are received by the state before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the state has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

D. General Budgetary Policies and Procedures

The Governor is required to submit a budget to the State Legislature no later than December 20 of the year preceding odd-year sessions of the Legislature. The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approval by the Governor. Operating appropriations are made at the fund/account and agency level. Capital appropriations are generally made at the fund/account, agency, and project level. The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying "Combined Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual - All Governmental Fund Types" ("Governmental Budgetary Statement") and "Combined Statement of Revenues and Expenses - Budget and Actual - All Proprietary Fund Types" ("Proprietary Budgetary Statement") are not presented at the legal level of budgetary control. This is due to the large number of different budgeted fund/accounts and appropriations within agencies that would make such a presentation in the accompanying financial statements extremely cumbersome. Section 2400.112 of the GASB Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report where necessary in extreme cases. For the state of Washington, two separate reports have been prepared for the 1987-1989 Biennium to illustrate legal budgetary compliance. Approved budget versus actual expenditures and estimated versus actual revenues and other financing sources (uses) at the fund/account, agency, and appropriation level are presented in Report MFS1054 for governmental funds. Approved budget versus actual expenses for allotted expenses and estimated nonallotted expenses and estimated versus actual revenues are presented in report MFS1064 for proprietary funds. A copy of these reports is available at the Office of Financial Management, 430A Insurance Building, Mail Stop: AQ-44, Olympia, Washington 98504.

All appropriated and nonappropriated/allotted funds are controlled by the executive branch through the allotment process. This process allocates the expenditure/expense plan into monthly allotments by program, source of funds, and object of expenditure. According to statute [RCW 43.88.110(2)], except under limited circumstances, the original biennial allotments are approved by the governor, and may be revised only at the beginning of the second year of the biennium and must be initiated by the governor. This occasionally causes an overexpenditure of original or supplemental allotments at the end of the biennium. Also, OFM is authorized to make expenditure/expense allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year. Although state law does not necessarily preclude the overexpenditure of allotments, RCW 43.88.110(3) requires that the legislature be provided an explanation of all major variances. However, appropriations are strict legal limits on expenditures/expenses and overexpenditures are prohibited.

Appropriations lapse at the end of the biennium. Encumbrances also lapse at the end of the biennium except for certain instances where capital outlay encumbrances are reappropriated in the ensuing biennium. Encumbrances are treated as reservations of fund balance.

Budgetary Reporting versus GAAP Reporting

Governmental Funds

Governmental funds are budgeted materially in conformance with GAAP. However, the presentation in the accompanying "Governmental Budgetary Statement" is different from the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types" because capital outlays are presented in the accompanying "Governmental Budgetary Statement" according to how they are budgeted; that is, expenditures which are included in the state's capital budget. However, in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types," capital outlays are presented according to what was actually purchased; such as land, buildings, and equipment, rather than according to how they were budgeted. Additionally, federal surplus food commodities and capital leases do not appear on "Governmental Budgetary Statement" because these noncash transactions are not appropriated or allotted during the budget process. Even though the presentation is different, the amount of "Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses" are the same.

Proprietary Funds

Proprietary funds are budgeted using a combination of fixed and flexible budgets. Fixed budgets are employed using the appropriation and allotment process. Fixed budgets are included with flexible estimates in business plans prepared by agencies for proprietary operations under their control. These business plans constitute a full accrual GAAP budget for a given proprietary fund.

The accompanying "Proprietary Budgetary Statement" demonstrates compliance with the appropriated/allotted budget on the line entitled "Allotted Expenses" which presents the approved budget versus actual. This represents the fixed portion of the budget for proprietary funds and typically includes administrative expenses and the budgetary authority to purchase capital assets. This schedule also includes flexible budget estimates and actuals for nonallotted expenses such as depreciation and amortization, and other nonallotted expenses including adjustments to budgeted expenses which reduce amounts shown for capital asset purchases and other adjustments to result in a full accrual presentation. As a result, net income (loss) on the "Proprietary Budgetary Statement" agrees with the net income (loss) on the "Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types."

E. Cash and Investments

Short-term investments of surplus or pooled cash balances are recorded at cost, which approximates fair market value for these investments. The method of accounting for noncurrent investments varies depending upon the fund classification. Deferred Compensation Plan investments are reported at market value. Pension and Worker's Compensation Funds value noncurrent investments using the Market Value Method. Unrealized gains and losses are recorded in the fund equity section of the balance sheet; gains and losses are recognized at time of sale or disposition. Closing market prices at June 30, 1989 were used for determination of market value. All other funds value noncurrent equity investments at cost and noncurrent fixed income investments at amortized cost.

F. Receivables

Receivables in the state's governmental and fiduciary funds consist primarily of tax and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (see Note 1.C, page 35) has been met.

G. Inventories

Inventories are valued at the lower of cost or market, and recognized principally using the first-in, first-out method. The cost of governmental and expendable trust funds' inventories are recorded as an expenditure when consumed rather than when purchased. Proprietary funds expense the cost of consumable supplies when used.

H. Fixed Assets

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost and fair market value are derived by factoring price levels from the current period to the time of acquisition.

Effective Fiscal Year 1989, the level of capitalization for fixed assets was raised from $300 to $1,000. Beginning balances for fixed assets have been restated on appropriate schedules to reflect this change.

Fixed asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use. In proprietary and similar trust funds, interest costs (if material) on self-constructed assets are included in the cost. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings (including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets) are not capitalized.

Fixed assets in governmental funds are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and related assets are reported in the General Fixed Assets Account Group. Accumulated depreciation is recorded in the General Fixed Assets Account Group. Depreciation is calculated using the straight-line method with estimated useful lives of fifty years for buildings, and five to forty years for furnishings and equipment, other improvements, and miscellaneous.

Fixed assets used in proprietary and similar trust funds are accounted for in the fund in which they are utilized. Depreciation of fixed assets used in proprietary funds is charged as an operating expense and accumulated depreciation is reported on the balance sheet. Depreciation is computed using the straight-line method with estimated useful lives for buildings extending to fifty years. Furnishings and equipment, other improvements, and miscellaneous are depreciated using estimated useful lives of three to forty years.

I. Risk Management and Insurance Activities

The state currently has a risk management program based on the concept of self-insurance. This program makes current payments on claims arising from tortious conduct that resulted in judgements and settlements against the state on a "pay-as-you-go" basis. During Fiscal Year 1989, the risk management program paid $8.6 million in such settlements.

Washington State passed a law in 1989 establishing a new comprehensive risk management program to restructure Washington's risk management and insurance program, and to help the state better manage the rising cost of liability claims. Effective July 1, 1989, this law creates a new Liability Account to pay future tort claims which will be supported from premiums paid by state agencies. Premiums will be based on actuarially-determined projections and include allowances for payments of both outstanding and current liabilities.

The state of Washington serves as insurance benefits coordinator for state employees and employees of certain other political subdivisions. The state offers numerous benefit package choices with outside insurance carriers in addition to its own uniform medical and dental plans. The uniform plans are risk retained programs. The state accounts for these activities in the State Employees' Insurance Fund. An accrued liability for claims that are incurred but not reported of $21.3 million has been recorded in that fund.

J. Workers' Compensation Program

The state of Washington through Chapter 51 RCW requires employers to secure payment of benefits for job related injuries and diseases either by paying insurance premiums to the Workers' Compensation Fund or by self-insuring. Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations through private insurers.

The statutes provide five benefit plans to make compensation payments to injured employees for various losses. The Accident, Medical Aid, and Disability Benefit Plans make up the main Workers' Compensation Program. They are designed to be self-sustaining by employer paid insurance premiums and are accordingly accounted for as an insurance enterprise under FAS No. 60 in the Workers' Compensation Fund.

Second Injury benefits are available when a previous claim is being serviced in the Workers' Compensation Fund. This benefit plan receives its own premiums, but it does not carry its own long-term assets or liabilities. Under this plan the present value of any second injury claim is transferred to the Workers' Compensation Fund for further accounting and servicing of the claim. Accordingly, this plan's operations are accounted for in the Human Services Expendable Trust Fund.

Another plan provides for supplemental cost of living adjustments to injured employees receiving disability payments from the Workers' Compensation Fund. However, the enabling statute requires this plan to operate on a current payment basis and is subject to legislative cancellation. No assets are allowed to accumulate for the future servicing of current or yet-to-be submitted claims. Accordingly, this plan's operations are accounted for in the Human Services Expendable Trust Fund with the associated long-term liabilities in the General Long-Term Obligations Account Group.

K. Compensated Absences

Annual Leave

State employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. It is the state's policy to liquidate unpaid annual leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize annual leave when it is paid. A long-term liability of $96 million for the accumulated annual leave in governmental and expendable trust funds has been recorded in the General Long-Term Obligations Account Group as of June 30, 1989. Proprietary and similar trust funds recognize the expense and accrued liability when the annual leave is earned. An accrued liability for accumulated annual leave has been recorded in Enterprise Funds of $13.1 million and $6.9 million in Internal Service Funds as of June 30, 1989.

Sick Leave

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e., the state does not pay employees for unused sick leave upon termination except upon employee death or retirement. At death or retirement, the state is liable for 25 percent of the employee's accumulated sick leave. In addition, the state has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. The sick leave buyout liability at June 30 for all funds is estimated to be approximately $1 million and considered to be immaterial. As a result, sick leave and sick leave buyout expenditures/expenses in all funds are recognized when the related payments are made per FAS 43 paragraph 6.c. and d. and paragraph 15.

L. Totals (Memorandum Only) Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Deficit Retained Earnings

Governmental Funds

The State Facilities Fund, a capital projects fund, had a deficit fund balance of $5.8 million at June 30, 1989. This is due to the state of Washington's policy on funding capital construction projects. The state sells bonds to satisfy anticipated cash flow requirements for the following six month period. The bond proceeds, however, are not always sufficient to offset accrued capital expenditures not expected to be paid within the six month period, thereby causing a temporary deficit fund balance. There were no other deficit fund balances in governmental or expendable trust funds as reflected in the accompanying financial statements.

Proprietary and Similar Trust Funds

The State Ferry and Toll Fund, an enterprise fund, had deficit retained earnings of $109.7 million at June 30, 1989. The Department of Transportation (DOT) uses the State Ferry and Toll Fund to account for: (1) receipt of revenue and payment of all operating expenses of the State Ferry system; (2) allocation of financial resources of certain accounts required to be maintained by bond resolution or statute; and (3) accounting for revenues, maintenance, and operations of the Spokane River Toll Bridge. The Ferry System is considered to be part of the state highway system operated by DOT. As such, if the Ferry System incurs a loss from operations, it is offset by subsidies provided by the Legislature for ferry equipment and facilities. These subsidies are recorded as contributed capital. Therefore, the total State Ferry and Toll Fund equity was $317.1 million at June 30, 1989 as detailed below (expressed in thousands):

	Contributed Capital	Retained Earnings (Deficit)	Total Fund Equity
Balances at June 30, 1988	$ 401,503	$ (98,005)	$ 303,498
Fiscal Year 1989 Activity	25,281	(11,652)	13,629
Balances at June 30, 1989	$ 426,784	$ (109,657)	$ 317,127

There were no other deficit retained earnings in proprietary and similar trust funds as of June 30, 1989.

B. Budgetary Compliance

1. Biennial Budget

Budgeted amounts reported on the accompanying "Combined Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual - All Governmental Fund Types" ("Governmental Budgetary Statement") and "Combined Statement of Revenues and Expenses - Budget and Actual - All Proprietary Fund Types" ("Proprietary Budgetary Statement") include approved appropriation allotments and approved nonappropriated allotments for the 1987-1989 Biennium. The following schedule details the approved allotted budget by fund type (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Total (Memo Only)
Legislative Appropriations:							
Original	$ 13,430,736	$ 3,195,316	$ 747,327	$ 608,243	$ 523,860	$ 131,393	$18,636,875
Supplemental	291,390	56,454	(55,854)	26,140	90,933	1,340	410,403
Total Legislative Appropriations	13,722,126	3,251,770	691,473	634,383	614,793	132,733	19,047,278
Unanticipated Receipts	132,552	27,742	-	639	10,033	1,264	172,230
Allotments, Nonappropriated Funds	-	968,445	-	39,095	489,203	247,989	1,744,732
Approved Allotment Budget	$ 13,854,678	$ 4,247,957	$ 691,473	$ 674,117	$ 1,114,029	$ 381,986	$20,964,240

2. Budget Overexpenditures

Appropriations are legal limitations on agency expenditures subject to available fund balances. There are no overexpenditures of appropriations on the accompanying "Governmental Budgetary Statement" and "Proprietary Budgetary Statement." Furthermore, there were no overexpenditures of appropriations during the 1987-1989 Biennium at the legal level of budgetary control.

However, budget allotment changes are only allowed at the beginning of the second fiscal year of the biennium. This occasionally causes an allotment overexpenditure at the end of the biennium. There were two such allotment overexpenditures at the end of the 1987-1989 Biennium. The Higher Education Fund, a special revenue fund, had overexpenditures of allotments during the 1987-1989 Biennium due to increased grant and contract activity over original estimates. This fund also had an increase in research grant revenues over estimated revenues to offset the overexpenditures of allotments. The Lottery Fund, an enterprise fund, had an overexpenditure of allotted prize payments due to higher than expected lottery ticket sales. Estimated lottery revenues have been adjusted to reflect increased projected lottery ticket sales to agree with the Washington State Economic and Revenue Forecast Council's estimates; however, allotments for lottery prize payments could not be adjusted.

3. Reconciliations of Biennial Budgetary Statements to Annual Operating Statements

The "Governmental Budgetary Statement" and the "Proprietary Budgetary Statement" are presented for the biennium ended June 30, 1989. However, the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types ("Governmental Operating Statement") and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types ("Proprietary Operating Statement") are presented only for the second fiscal year of the biennium ended June 30, 1989. As a result, a reconciliation is needed to reflect the difference.

a. Governmental Fund Types

The following is a reconciliation for Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses for all governmental fund types between the "Governmental Budgetary Statement" and the "Governmental Operating Statement" (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Project	Total (Memo Only)
Budgetary Statement Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses (1987-89 Biennium)	$ 436,440	$ 272,420	$ 19,758	$ (33,184)	$ 695,434
Less Restated* FY1988 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	214,401	134,469	17,209	67,800	433,879
FY1989 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 222,039	$ 137,951	$ 2,549	$ (100,984)	$ 261,555

* The "Governmental Budgetary Statement" reflects fund reclassifications that occurred during Fiscal Year 1989 that effectively restate the reported Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses for Fiscal Year 1988. The following schedule details these restatements (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Total (Memo Only)
FY1988 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses as previously reported	$ 214,839	$ 125,668	$ 17,209	$ 67,800	$ 425,516
Reclassified an account from the General Fund to the Natural Resources Fund - Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(438)	438	-	-	-
Reclassified an account from the Central Administrative and Regulatory Fund to the State Employees' Insurance Fund - Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	8,363	-	-	8,363
FY1988 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses as Restated	$ 214,401	$ 134,469	$ 17,209	$ 67,800	$ 433,879

b. Proprietary Fund Types

The following is a reconciliation for Net Income (Loss) for all proprietary fund types between the "Proprietary Budgetary Statement" and the "Proprietary Operating Statement" (expressed in thousands):

	Enterprise	Internal Service	Total (Memo Only)
Budgetary Statement Net Income (Loss) (1987-89 Biennium)	$ (23,892)	$ 37,321	$ 13,429
Less FY1988 Net Income (Loss) as Restated**	(51,564)	11,872	(39,692)
FY1989 Net Income	$ 27,672	$ 25,449	$ 53,121

** The "Proprietary Budgetary Statement" reflects a fund reclassification that occurred during Fiscal Year 1989 that effectively restates the reported Net Income (Loss) for Fiscal Year 1988. The following schedule details this restatement (expressed in thousands):

	Enterprise	Internal Service	Total (Memo Only)
FY1988 Net Income (Loss) as previously reported	$(51,564)	$ 20,235	$ 31,329
Net Loss Transferred as a Result of Reclassification of an account from the Central Administrative and Regulatory Fund to the State Employees' Insurance Fund	-	(8,363)	(8,363)
FY1988 Net Income (Loss) as Restated	$(51,564)	$ 11,872	$ 39,692

4. Nonbudgeted/Noncash Governmental Activities

Federal surplus food commodities and capital lease acquisitions do not appear on the "Governmental Budgetary Statement" because these noncash transactions are not appropriated or allotted during the budget process. However, the Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses on the accompanying "Governmental Budgetary Statement" does agree with the "Governmental Operating Statement" because the noncash revenue activity and the offsetting noncash expenditure activity are both excluded from the "Governmental Budgetary Statement." The following schedule details this nonbudgeted activity by governmental fund type (expressed in thousands):

	General	Special Revenue	Total (Memo Only)
Adjustments for Nonbudgeted Activity (1987-89 Biennium):			
Add noncash commodities received - federal surplus food commodities	$ 52,714	$ -	$ 52,714
Add noncash other financing sources - capital leases	10,213	500	10,713
Deduct noncash commodities issued	(52,714)	-	(52,714)
Deduct noncash capital leases (acquisitions)	(10,213)	(500)	(10,713)
Net Effect on Budgetary Statement Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - Biennium Ended June 30, 1989	$ 0	$ 0	$ 0

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. Cash and Investments

At fiscal year end, the carrying amount of Washington's cash and investments was $20.7 billion. Total cash and investments as of June 30, 1989 amounted to $20.9 billion, including cash from outstanding checks and warrants. Of this amount, cash on hand amounted to $55 million, cash with fiscal and escrow agents amounted to $1.2 billion, certificates of deposits amounted to $226 million, and deposits with financial institutions amounted to $54 million. The remaining $19.3 billion represented the total carrying amount of investments.

Deposits

All state deposits are entirely covered by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington. It constitutes a multiple financial institution collateral pool. There is no provision for PDPC to make additional pro rata assessments of need to cover a loss. Therefore, PDPC protection is of the nature of collateral, not of insurance, pursuant to the Governmental Accounting Standards Board Statement No. 3. Deposits by type, at June 30, 1989, are as follows (expressed in thousands):

	Carrying Amount	Bank Balance	Insured FDIC/ FSLIC	Uncollateralized*
Demand deposits	$ 33,796	$ 54,320	$ 1,665	$ 52,655
Certificates of deposit	225,610	225,610	13,626	211,984
Total deposits	$ 259,406	$ 279,930		

* 100% protected by PDPC. Includes collateralized securities held by pledging financial institution trust department not in the state's name. Since the collateral is not in the state's name, the deposits are considered uncollateralized pursuant to GASB COD SEC I50.163.

Investments

The State Investment Board and the Office of State Treasurer manage approximately 95 percent of the state's investing activity. Management responsibilities and investment instruments as authorized by statute are as follows:

State Investment Board (SIB)

Statute designates SIB as having investment management responsibility for pension funds, the Workers' Compensation Fund, permanent funds (established at statehood), and other specific funds. The SIB is authorized to invest as provided by statute (RCW 43.33A). Statute and SIB policy authorize investments in the following: Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; Canadian Government bonds; corporate bonds; nonrated private placements; common and preferred stock; investment partnerships for venture capital; leveraged buy-outs; mortgages; real estate; financial futures; and other investment situations.

Office of the State Treasurer (OST)

The OST operates the state's Cash Management Account for investing cash in excess of daily requirements. Statute authorizes the OST to buy and sell the following types of investments: U.S. Treasury and Agency securities; banker's acceptances; and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above.

Investment Activity

The state's investments are categorized below per GASB Statement 3 to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered, or securities which are held by the state or its agent in the state's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparties' trust departments or agents in the state's name. Category 3 includes uninsured and unregistered investments, with securities which are held by the brokers or dealers, or their trust departments or agents, but not in the state's name. Investments at June 30, 1989, by investment type, are listed below (expressed in thousands):

Investment Type	GASB Categories 1	2	3	Total Carrying Amount	Market Value
Bankers' Acceptances	$ 1,030,948	$ -	$ -	$ 1,030,948	$ 1,029,484
Canadian Government Bonds	75,354	-	-	75,354	74,489
Corporate Bonds	1,299,421	-	-	1,299,421	1,310,358
Corporate Stocks	1,159,785	-	-	1,159,785	1,175,358
Investment Contracts	113,678	-	-	113,678	113,678
Leveraged Buy-outs	989,971	-	-	989,971	989,971
Mortgages	1,206,098	-	-	1,206,098	1,207,586
Real Estate	1,102,803	-	-	1,102,803	1,156,732
Repurchase Agreements	724,617	1,024	1,800	727,441	726,703
Short-Term Money Market	869,069	-	-	869,069	868,803
U.S. Government Securities	3,608,090	-	3,271	3,611,361	3,576,906
Venture Capital	334,564	-	-	334,564	334,564
Zero Coupon Bonds	143,764	-	-	143,764	143,920
Miscellaneous	5,146	21	-	5,167	5,343
	$ 12,663,308	$ 1,045	$ 5,071	12,669,424	12,713,895
Mutual Funds				3,073,455	3,073,549
Investments on Loan				3,591,915	3,607,119
Total Investments				$ 19,334,794	$ 19,394,563

The SIB has authority to enter into security lending agreements. Securities brokers held investments on loan under the agreement existing at June 30, 1989. The securities were loaned and collateralized by the state's agent at 102 percent by U.S. government securities and cash. The cash was invested by the state's agent in repurchase agreements and commercial paper. The securities held as collateral, and the securities underlying the cash collateral, are held by the state's agent, and are not reflected in the June 30, 1989 investment balances. The securities were loaned with the agreement that they will be returned in the future for exchange of the collateral. Under the securities lending agreement existing at June 30, 1989, up to $6.4 billion of the state's investments may be loaned.

Investment Activity (continued)

Repurchase agreements are collateralized at 102 percent in government or agency securities of less than ten years maturity. The collateral is priced daily and held by the state's agent in the state's name. Repurchase agreements outstanding as of June 30, 1989 are typical of the level of activity during the year. There were no reverse repurchase agreements outstanding as of June 30, 1989. Reverse repurchase investment activity during Fiscal Year 1989 was immaterial.

B. Taxes Receivable

Taxes Receivable at June 30, 1989 consisted of the following (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Total (Memo Only)
Taxes Receivable:								
Property	$ 355,455	$ -	$ -	$ -	$ -	$ -	$ -	$ 355,455
Excise	29,555	-	-	-	-	-	-	29,555
Sales	210,793	-	-	-	-	-	-	210,793
Business and Occupation	69,624	-	-	-	-	-	-	69,624
Fuel	99	11,543	-	-	-	-	-	11,642
Other	51,520	3,374	-	-	2,771	-	-	57,665
Subtotal	717,046	14,917	-	-	2,771	-	-	734,734
Less: Allowance for Uncollect. Receivables	(29,065)	(7,549)	-	-	-	-	-	(36,614)
Totals	$ 687,981	$ 7,368	$ -	$ -	$ 2,771	$ -	$ -	$ 698,120

C. Other Receivables

Other Receivables at June 30, 1989 consisted of the following (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Total (Memo Only)
Accounts Receivable	$ 10,249	$ 41,921	$ -	$ 747	$ 225,082	$ 1,871	$ 41,863	$ 321,733
Interest Receivable	254	2,407	-	-	59,156	30	99,266	161,113
Loans Receivable	1,613	35	-	-	1	-	83,125	84,774
Public Assistance Receivables	449,108	125	-	-	-	-	208,763	657,996
Miscellaneous Receivables	43,179	73,265	187	4,412	3,882	345	45,311	170,581
Subtotal	504,403	117,753	187	5,159	288,121	2,246	478,328	1,396,197
Less: Allowance for Uncollect. Receivables	(385,360)	(3,700)	-	(1)	(12,750)	(57)	(199,959)	(601,827)
Totals	$ 119,043	$ 114,053	$ 187	$ 5,158	$ 275,371	$ 2,189	$ 278,369	$ 794,370

Note: Public Assistance receivables mainly represent amounts owed the state as a part of the Support Enforcement Program at the Department of Social and Health Services. The General Fund accounts for the amounts due from persons required to pay support for individuals currently on state assistance. The Clearing (Agency) Fund accounts for the amounts due from persons required to pay support for persons not on state assistance. Both programs have low realization expectations, and accordingly, are offset by large Allowances for Uncollectible Receivables.

D. Due From and To Other Funds

The following balances at June 30, 1989 represent due from/to balances among all funds and state agencies (expressed in thousands):

Fund Type/Fund		Due From		Due To
General Fund		$ 168,025		$ 192,645
Special Revenue:				
Motor Vehicle Fund		83,262		24,958
Highway Safety Fund		970		908
State Wildlife Fund		1,252		413
Common School Construction Fund		10,310		392
Central Administrative and Regulatory Fund		12,105		1,008
Human Services Fund		7,821		4,585
Natural Resources Fund		18,272		5,243
Higher Education Fund		38,207		18,195
		172,199		55,702
Debt Service:				
General Obligation Bond Fund		6,448		96
Transportation Bond Fund		2,450		-
		8,898		96
Capital Projects:				
State Facilities Fund		11,835		13,584
Higher Education Facilities Fund		2,290		12,566
		14,125		26,150
Enterprise:				
Liquor Fund		900		7,159
Workers' Compensation Fund		12,276		3,606
Convention and Trade Fund		1,363		10,039
Lottery Fund		4,010		9,669
Institutional Fund		1,623		93
State Ferry and Toll Fund		904		55,665
Student Services Fund		7,066		2,960
Other Activities Fund		456		111
		28,598		89,302
Internal Service:				
Central Services Fund		2,767		1,588
Central Stores Fund		990		273
Equipment Revolving Fund		7,917		339
Data Processing Revolving Fund		13,935		1,745
Printing Services Fund		3,211		13
Motor Transport Fund		850		34
State Employees' Insurance Fund		37,416		34,773
Higher Education Revolving Fund		960		1,435
Other Services Fund		82		25
		68,128		40,225
Trust and Agency:				
Expendable Trust:				
Human Services Trust Fund	$ 11,541		$ 8,918	
Higher Education Trust Fund	2,921		1,263	
Miscellaneous Trust Fund	1,832		142	
	16,294		10,323	
Nonexpendable Trust:				
Higher Education Endowment Fund	1,201		6,001	
Common School Permanent Fund	7		1,938	
	1,208		7,939	
Pension Trust:				
Public Employees' Fund	456		185	
Teachers' Fund	297		123	
L.E.O.F.F Fund	156		50	
State Patrol Fund	10		-	
Judicial Fund	90		-	
Volunteer Fire Fighters' Fund	8		2	
	1,017		360	
Agency:				
Clearing Fund	1,507		332	
Suspense Fund	2,392		16,019	
Local Government Distributions Fund	69,870		2,026	
Deferred Compensation Fund	8		76	
Pooled Investments Fund	5,505		116,579	
	79,282	97,801	135,032	153,654
Total Due From and To Other Funds		$ 557,774		$ 557,774

E. General Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group during Fiscal Year 1989 (expressed in thousands):

	Balance June 30, 1988	Restatement of Balance at July 1, 1988*	Additions	Deletions	Balance June 30, 1989
Land	$ 269,541	$ 269,541	$ 33,507	$ 918	$ 302,130
Buildings	1,743,821	1,743,595	172,268	39,446	1,876,417
Accumulated Depreciation	(578,137)	(578,015)	52,151	7,251	(622,915)
Net Buildings	1,165,684	1,165,580			1,253,502
Furnishings and Equipment	682,472	556,772	104,261	9,330	651,003
Accumulated Depreciation	(412,711)	(329,573)	36,831	562	(365,842)
Net Furnishings and Equipment	269,761	226,499			285,161
Other Improvements and Miscellaneous	387,034	386,178	44,351	15,236	415,293
Accumulated Depreciation	(44,576)	(44,576)	12,491	3,497	(53,570)
Net Other Improvements and Miscellaneous	342,458	341,602			361,723
Construction in Progress	132,496	132,496	103,568	62,825	173,239
Total	$2,179,940	$2,135,718			$2,375,755

Source of Funds by Fund Type:

General	$ 893,110
Special Revenue	441,304
Capital Projects	1,041,341
Total	$2,375,755

*Beginning balance figures were restated due to capitalization level change from $300 to $1,000.

F. Construction In Progress

Various state agencies were involved in construction projects at June 30, 1989. A summary of major projects follows (expressed in thousands):

Enterprise Funds

University of Washington - University Medical Center Renovations	$ 3,618
Indoor Tennis Facility, New Construction	3,899
Athletic Stadium, West Stands Replacement	2,671
Other Intercollegiate Athletic Facilities Renovations	4,334
State Convention and Trade Center - Existing Building Space Conversion	2,321
The Evergreen State College - Student Housing, New Construction	1,818
Other Projects	311
Total Enterprise Funds	18,972

General Fixed Assets Account Group

Community College System - Various Construction and Renovation Projects	15,581
Department of Corrections - Washington State Reformatory, Facilities Improvements	8,091
McNeil Island Corrections Center, Utilities, Fire/Safety, Transportation Improvements	3,800
Other Small Projects	5,616
Eastern Washington University - Science Building, New Addition	3,120
The Evergreen State College - College Recreation Center/Multipurpose Facility, New Construction	5,163
University of Washington - Suzzallo Library, Expansion	15,215
Washington Technology Center, New Construction	7,448
Health Sciences Building, Wing Addition	8,159
Other Construction, Renovation and Improvement Projects	34,132
Washington State University - Chemistry Building, New Construction	16,962
Food and Human Nutrition Building, New Construction	12,389
Science Hall, Renovation	8,926
Other Construction, Renovation and Improvement Projects	8,142
Department of Transportation - Various Small Construction Projects	7,878
Other Projects	12,617
Total General Fixed Assets Account Group	173,239
Total Construction in Progress	$ 192,211

G. Deferred Revenues

Deferred Revenues at June 30, 1989 consisted of the following (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Total (Memo Only)
Property Taxes	$ 341,639	$ -	$ -	$ -	$ -	$ -	$ -	$ 341,639
Excise Taxes	207,858	-	-	-	-	-	-	207,858
Charges for Services	-	21,561	-	-	12,827	5,080	-	39,468
Timber Sales	41,404	48,524	-	-	-	-	23,221	113,149
Miscellaneous	127,373	87,674	-	4,391	-	-	16,050	235,488
Totals	$ 718,274	$ 157,759	$ -	$ 4,391	$ 12,827	$ 5,080	$ 39,271	$ 937,602

H. Lease Commitments

The state leases land, office facilities, office and computer equipment, and other assets. Although lease terms vary, most leases are subject to appropriation from the State Legislature to continue the obligation. If continued legislative appropriations are reasonably assured, leases are considered noncancellable for financial reporting purposes. Leases which represent acquisitions are classified as capital leases and the related assets and liabilities are recorded in the financial records at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

The total operating lease expenditures for fiscal years 1988 and 1989 were $109.7 million and $126.9 million, respectively. The total lease expense for Fiscal Year 1989 was $141.2 million. Future minimum lease commitments for noncancellable operating and capital leases as of June 30, 1989, were as follows (expressed in thousands):

		Capital Leases			
Lease Commitments During Fiscal Year:	Operating Leases	Enterprise Funds	Internal Service Funds	General Long-Term Obligations Account Group	Total All Leases
1990	$ 50,960	$ 1,878	$ 4,006	$ 5,240	$ 62,084
1991	48,123	1,842	2,904	5,071	57,940
1992	41,788	1,658	2,361	4,502	50,309
1993	36,652	1,055	684	3,919	42,310
1994	32,346	628	321	1,905	35,200
Thereafter	47,364	2,110	30	968	50,472
Total Future Minimum Lease Payments	$ 257,233	9,171	10,306	21,605	$ 298,315
Amounts Representing Executory and Interest Cost		(1,226)	(1,375)	(2,966)	
Present Value of Future Minimum Lease Payments		$ 7,945	$ 8,931	$ 18,639	

I. Workers' Compensation Benefits Payable

Current and Long-Term Workers' Compensation Benefits Payable represent the total actuarially determined present value at June 30, 1989 for benefit payments to qualifying individuals sustaining work related injuries or diseases.

The Department of Labor and Industries actuaries and outside actuarial consultants conducted a review at year-end to determine the present value of the benefits payable for all components of the Workers' Compensation Plan. These liabilities are discounted at an assumed interest rate of 6.5 percent. The actuaries used an inflation rate of 4.0 percent for the Supplemental Cost of Living Benefits Plan and current payment levels for the Medical Aid Benefits Plan.

Workers' Compensation Benefits Payable at June 30, 1989 consisted of the following programs (expressed in thousands):

	Time-Loss	Medical Aid	Disability	Supplemental*	Total
Current Benefits Payable	$ 256,565	$ 202,516	$ 58,647	$ 105,669	$ 623,397
Long-Term Benefits Payable	1,408,368	911,935	595,056	2,847,331	5,762,690
Totals	$ 1,664,933	$ 1,114,451	$ 653,703	$ 2,953,000	$ 6,386,087

* Supplemental Cost of Living Benefits are liabilities of the Workers' Compensation Program. Based upon an assumption of continuation of the current program, the noncurrent portion of this liability, amounting to $2.85 billion, is recognized in the General Long-Term Obligations Account Group. Legal counsel has advised that legislative termination of this program would eliminate this liability. The present value of anticipated payments for the liability follows (expressed in thousands):

	Current	Noncurrent	Total
Fiscal Year 1990	$ 105,669	$ -	$ 105,669
Fiscal Year 1991	-	106,070	106,070
Fiscal Year 1992	-	95,347	95,347
Fiscal Year 1993	-	86,138	86,138
Fiscal Year 1994	-	78,143	78,143
Thereafter	-	2,481,633	2,481,633
Totals	$ 105,669	$ 2,847,331	$ 2,953,000

J. Bonds Payable

Bonds payable at June 30, 1989 consisted of bonds issued by the state of Washington, accounted for in the General Long-Term Obligations Account Group, and certain state agency bonds accounted for in proprietary funds. A detailed schedule of bonds issued and outstanding and those proprietary bonds accounted for by the State Treasurer are presented in the Washington State Treasurer's Annual Report for 1989. A copy of the report is available from the Office of State Treasurer, Legislative Building, Mail Stop: AS-23, Olympia, Washington 98504-0423.

The State Constitution and enabling statutes authorize the incurrence of state general obligation debt, to which the state's full faith, credit and taxing power are pledged, either by the Legislature or by a body designated by statute (presently the State Finance Committee). Legislative authorization arises from an affirmative vote of 60 percent of both legislative houses without voter consent; or from an affirmative vote of 50 percent of both legislative houses and a majority of the voters voting thereon. State Finance Committee debt authorization does not require voter approval, however, it is limited to providing for: (1) temporary deficiencies in the State Treasury (must be discharged within 12 months of the date of incurrence); or (2) appropriations already made by the Legislature; or (3) refunding of outstanding obligations of the state.

Debt authorized in the preceding procedures are generally limited by the State Constitution and current statutes. The limitations prohibit the issuance of new debt if it would cause the maximum annual debt service on all thereafter outstanding general obligation debt to exceed a specified percentage of the arithmetic mean of general state revenues for the preceding three fiscal years. These limitations are on the incurrence of new debt, not on the amount of debt service which may be paid by the state in future years.

As certified by the State Treasurer, the maximum debt authorization subject to limitation for Fiscal Year 1989 was $2.63 billion, under the then current constitutional and statutory limitation. This computation excludes specific bond issues and types which are not secured by general state revenues. Based on the debt limitation calculation, the debt service requirements as of June 30, 1989, did not exceed the authorized debt service limitation.

State refunded and defeased bond debt totaled $1.26 billion for general governmental bonded debt and $175.4 million for proprietary bonded debt. These refunded and defeased bonds are secured by U.S. Government securities in escrow with the respective banks appointed as bond trustees. Therefore, these bonds are excluded from state debt totals. A schedule of bonds payable by fund type follows (expressed in thousands):

	Enterprise	General Long-Term Obligation Account Group	Total
Matured Bonds Payable	$ 11,292	$ -	$ 11,292
Bonds Payable	315,472	3,314,902	3,630,374
Totals	$ 326,764	$ 3,314,902	$ 3,641,666
General Obligation (GO) Bonds	$ 193,645	$ 3,130,960	$ 3,324,605
GO - Zero Interest Rate Bonds	-	18,887	18,887
Limited Obligation Bonds	-	165,055	165,055
Revenue Bonds	133,119	-	133,119
Totals	$ 326,764	$ 3,314,902	$ 3,641,666

1. General Obligation Bonds:

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for public and common schools, higher education, public and mental health, corrections, and conservation, maintenance, and construction of highways, roads and bridges. The state has also issued bonds in assistance to municipalities for construction of water and sewage treatment facilities and corrections facilities. In addition, bonds are authorized and issued to provide for the advance refunding of general obligation bonds outstanding.

Total debt service requirements for general obligation bonds to maturity as of June 30, 1989, are as follows (expressed in thousands):

General Long-Term Obligation Bonds:

	Principal	Interest	Total
By Fiscal Year:			
1990	$ 129,150	$ 240,209	$ 369,359
1991	138,035	230,896	368,931
1992	143,250	220,339	363,589
1993	149,760	209,708	359,468
1994	160,665	198,528	359,193
1995 - 1999	914,700	810,125	1,724,825
2000 - 2004	929,210	461,814	1,391,024
2005 - 2009	665,960	161,232	827,192
Thereafter	93,875	6,670	100,545
Total Debt Service Requirements	$ 3,324,605	$ 2,539,521	$ 5,864,126

General obligation bonds outstanding and bonds authorized but unissued at June 30, 1989 are as follows (expressed in thousands):

Purpose	Outstanding Interest Rates	Outstanding Amount	Authorized but Unissued
School Building Construction	4.10% to 9.18%	$ 9,865	$ -
Higher Education	5.17% to 15.00%	572,345	16,381
Institutional and Public Buildings	4.83% to 9.18%	133,470	13,762
Highways	6.50% to 13.34%	768,025	235,000
Administrative Buildings	5.17% to 13.35%	35,030	-
Convention and Trade	7.39% to 8.86%	133,315	32,000
General	4.85% to 13.35%	1,672,555	491,419
Totals		$ 3,324,605	$ 788,562

2. Zero Interest Rate General Obligation Bonds:

Zero interest rate general obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for public and common schools and higher education.

Total debt service requirements for zero interest rate general obligation bonds to maturity as of June 30, 1989, are as follows (expressed in thousands):

Zero Interest Rate General Obligation Bonds:

	Principal	Interest	Total
By Fiscal Year:			
1990	$ -	$ -	$ -
1991	-	-	-
1992	-	-	-
1993	-	-	-
1994	-	-	-
1995 - 1999	5,594	4,406	10,000
2000 - 2004	8,015	11,985	20,000
2005 - 2009	5,278	14,722	20,000
Thereafter	-	-	-
Total Debt Service Requirements	$ 18,887	$ 31,113	$ 50,000

Zero interest rate general obligation bonds outstanding and bonds authorized but unissued at June 30, 1989 are as follows (expressed in thousands):

Purpose	Outstanding Amount	Authorized but Unissued
School Building Construction	$ 18,887	$ -

3. Limited Obligation Bonds:

Limited obligation bonds have been authorized and issued to provide funds for public school plant facilities, state, county and city arterials, and state capital buildings and facilities. These bonds are payable primarily from dedicated revenue of the state's motor vehicle fuel excise tax and other miscellaneous dedicated revenue such as harbors and tidelands, parking, and land grants.

Total debt service requirements for limited obligation bonds to maturity at June 30, 1989 are as follows (expressed in thousands):

Limited Obligation Bonds:

	Principal	Interest	Total
By Fiscal Year:			
1990	$ 18,550	$ 9,168	$ 27,718
1991	19,620	8,116	27,736
1992	20,745	6,999	27,744
1993	21,930	5,826	27,756
1994	19,105	4,669	23,774
1995 - 1999	58,330	9,420	67,750
2000 - 2004	6,775	510	7,285
Thereafter	-	-	-
Total Debt Service Requirements	$ 165,055	$ 44,708	$ 209,763

Limited obligation bonds outstanding and bonds authorized but unissued at June 30, 1989 are as follows (expressed in thousands):

Purpose	Outstanding Interest Rates	Outstanding Amount	Authorized but Unissued
School Building Construction	4.10% to 9.18%	$ 27,605	$ -
Highways	6.50% to 13.34%	125,575	25,000
Administrative Buildings	5.17% to 13.35%	11,875	-
Totals		$ 165,055	$ 25,000

4. Revenue Bonds:

Current state statutes empower certain state agencies to issue bonds that are not supported, or are not intended to be supported, by the full faith and credit of the state. These bonds pledge income derived from acquired or constructed assets for retirement of the debt and payment of the related interest.

Revenue bonds issued by individual agencies are supported by fees, rentals, and tolls assessed to users. Issuing agencies include the University of Washington (Housing, Dining, Parking, Student Facilities, and Hospital construction), the Evergreen State College (Housing), Eastern Washington University (Dining and Student Facility construction), Central Washington University (Housing), Western Washington University (Housing and Dining), various Community Colleges (Housing and Dining), and the Washington State Department of Transportation (Ferry Systems and Toll Bridges).

Total debt service requirements for revenue bonds to maturity at June 30, 1989 are as follows (expressed in thousands):

Revenue Bonds:	Principal	Interest	Total
By Fiscal Year:			
1990	$ 7,077	$ 6,310	$ 13,387
1991	7,348	5,996	13,344
1992	7,621	5,667	13,288
1993	8,036	5,312	13,348
1994	8,541	4,926	13,467
1995 - 1999	43,997	18,411	62,408
2000 - 2004	34,748	7,964	42,712
2005 - 2009	13,463	1,519	14,982
Thereafter	2,288	279	2,567
Total Debt Service Requirements	$ 133,119	$ 56,384	$ 189,503

Revenue bonds outstanding and bonds authorized but unissued at June 30, 1989 are as follows (expressed in thousands):

Purpose	Outstanding Interest Rates	Outstanding Amount	Authorized but Unissued
Higher Education - Student Activities	2.75% to 8.00%	$ 112,929	$ -
Ferries and Toll Bridges	3.50% to 5.50%	20,190	-
Totals		$ 133,119	$ -

5. Refunding Bonds:

General Long-Term Debt Refunding

On October 1, 1988, the state issued $288.7 million of General Obligation Bonds (Series R-89A and R-89B) to advance refund $255.5 million of General Obligation Bonds (Series 1985A, AJ-8, AL-6, AQ-4A, AU-6, AV-4, AY, R-86A, BC, BD, and R89-C) accounted for in the General Long-Term Obligations Account Group. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result the bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. The state advance refunded the bonds in effect to reduce its aggregate debt service payments by $17.8 million over the next 22 years and to obtain an economic gain of $10.4 million.

On December 1, 1988, the state issued $94.6 million of General Obligation Bonds (Series R-89A and R-89B) to advance refund $78.9 million of General Obligation Bonds (Series AB-6, AI-3, AJ-4, AL-2, AQ-2B, AR, AS, G, B-6 and DD-1) accounted for in the General Long-Term Obligations Account Group. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result the bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group. The state advance refunded the bonds in effect to reduce its aggregate debt service payments by $3.9 million over the next 14 years and to obtain an economic gain of $2.8 million.

Proprietary Fund Refunding

On October 1, 1988, the state issued $3.4 million of General Obligation Bonds (Series R-89B) to advance refund $2.9 million of outstanding General Obligation Bonds (Series R-86C) accounted for in the Student Services Fund. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result the bonds are considered to be defeased and the liability for those bonds has been removed from the Student Services Fund. Although the advance refunding resulted in the recognition of an accounting loss of $515,000 for the year ended June 30, 1989, the state in effect reduced its aggregate debt service payments by $114,000 over the next 22 years and obtained an economic gain of $77,000.

On November 1, 1988, the state issued $91.2 million of General Obligation Bonds (Series R-89C) to advance refund $83.1 million of $92.8 million General Obligation Bonds (Series AT) accounted for in the Convention and Trade Center Fund. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the AT series bonds. As a result the bonds are considered to be defeased and the liability for those bonds has been removed from the Convention and Trade Center Fund. Although the advance refunding resulted in the recognition of an accounting loss of $9.7 million for the year ended June 30, 1989, the state in effect reduced its aggregate debt service payments by $5.1 million over the next 20 years and obtained an economic gain of $3.3 million.

Also on November 1, 1988, the state issued $9.8 million of Housing and Dining Revenue Bonds (Series 1988) to advance refund $6.2 million of outstanding Housing and Dining System Revenue Bonds (Series 1980A), accounted for in the Student Services Fund. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1980A bonds. As a result the Series 1980A bonds are considered to be defeased and the liability for those bonds has been removed from the Student Services Fund. Although the advance refunding resulted in the recognition of an accounting loss of $3.6 million for the year ended June 30, 1989, the state in effect reduced its aggregate debt service payments by $524,000 over the next 20 years and obtained an economic gain of $428,000.

On December 1, 1988, the state issued $3.1 million of General Obligation Bonds (R-89D) to advance refund $2.6 million of outstanding General Obligation Bonds (Series AQ-2B) accounted for in the Student Services Fund. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result the bonds are considered to be defeased and the liability for those bonds has been removed from the Student Services Fund. Although the advance refunding resulted in the recognition of an accounting loss of $473,000 for the year ended June 30, 1989, the state in effect reduced its aggregate debt service payments by $252,000 over the next 14 years and obtained an economic gain of $68,000.

K. Changes in General Long-Term Obligations

Changes in the General Long-Term Obligations Account Group for Fiscal Year 1989 are summarized as follows (expressed in thousands):

	Bonds Payable	Workers' Compensation Benefits Payable	Accrued Retirement Obligations	Installments & Leases Payable	Other Long-Term Obligations	Total General Long-Term Obligations
Balances at July 1, 1988	$ 3,166,025	$ 3,164,381	$ 681,150	$ 22,059	$ 96,899	$ 7,130,514
General obligation debt issues	229,987	-	-	-	-	229,987
Actuarial decrease in workers' compensation liability	-	(317,050)	-	-	-	(317,050)
Decrease in installment contract obligations	-	-	-	(937)	-	(937)
Increase in lease obligations	-	-	-	3,803	-	3,803
Net increase in compensated absences	-	-	-	-	7,821	7,821
Excess of actuarially determined retirement obligations over amounts recorded as expenditures in governmental fund types	-	-	105,250	-	-	105,250
Increase in other long-term obligations	-	-	-	-	6,843	6,843
Retirement of principal	(81,110)	-	-	-	-	(81,110)
Balances at June 30, 1989	$ 3,314,902	$ 2,847,331	$ 786,400	$ 24,925	$ 111,563	$ 7,085,121

L. Fund Equity - Other Specific Reserves

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 1989, as Reserved for Other Specific Purposes in governmental funds, and Reserved Retained Earnings in proprietary funds, are further detailed as follows (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Total (Memo Only)
Petty Cash	$ 378	$ 1,215	$ -	$ -	$ -	$ -	$ 36	$ 1,629
Long-Term Investments	928	3,200	-	125	-	-	9,235	13,488
Long-Term Receivables	121,073	320	-	25	-	-	79,325	200,743
Totals	$ 122,379	$ 4,735	$ -	$ 150	$ -	$ -	$ 88,596	$ 215,860

NOTE 4 - FUND EQUITY RESTATEMENT

Fund Equity at June 30, 1988 has been restated as follows (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust & Agency	Total (Memo Only)
Fund Equity at June 30, 1988 as Previously Reported	$ 519,201	$ 618,139	$ 85,443	$ 125,328	$ 799,296	$ 196,618	$12,236,543	$14,580,568
Reclassifications	(2,654)	(8,132)	-	-	-	10,786	-	-
Prior Period Adjustments	-	(977)	-	-	(350)	(1,666)	1,494	(1,499)
Fund Equity as Restated, July 1	$ 516,547	$ 609,030	$ 85,443	$ 125,328	$ 798,946	$ 205,738	$12,238,037	$14,579,071

The restatements are explained as follows:

Reclassifications - Accounting and reporting treatment applied to an account is determined by its measurement focus. Accounts have been reclassified to reflect their proper measurement focus as follows (expressed in thousands):

Account Titles	Fund Type Reclassified From	Amount	Fund Type/Account Group Reclassified To	Amount
Landowner Contingency Forest Fire Suppression Account	General	$ (2,654)	Special Revenue	$ 2,654
State Health Care Authority Administrative Account	Special Revenue	(10,786)	Internal Service	10,786

Prior Period Adjustments - Fund Equity at June 30, 1988 as previously reported has been restated due to adjustments to prior periods as follows:

a. Special Revenue Funds: Revenues were overstated by $2.21 million in the Human Services Fund due to an overstatement of receivables. Expenditures were overstated by $1.23 million in the Higher Education Fund due to an improper assignment of short-term investments to agency funds for Fiscal Year 1988.

b. Enterprise Funds: Expenses were understated by $350,000 in the Lottery Fund due to an understatement of annuities payable for lottery prizes for Fiscal Year 1988. The materiality level for the Lottery Fund is $100,000.

c. Internal Service Funds: Revenues in the Higher Education Revolving Fund were overstated by $310,000 (net of accumulated depreciation) due to an omission in the recording of asset disposals. Expenses were understated in the Higher Education Revolving Fund by $1.36 million due to an understatement of contracts payable for Fiscal Year 1988.

d. Trust and Agency Funds: Expenses were overstated by $1.49 million in the Higher Education Endowment Fund due to an improper assignment of short-term investments to agency funds for Fiscal Year 1988.

Residual Equity Transfers and Related Activity (expressed in thousands):

	Transfers In	Transfers Out
Higher Education Fund	$ 188	$ 131
Equipment Revolving Fund	-	40
Data Processing Revolving Fund	-	555
Higher Education Revolving Fund	-	1,024
Higher Education Trust Fund	-	45
Public Employees Retirement Fund*	672	-
Judicial Retirement Fund	-	672
Total Residual Equity Transfers	860	2,467
Contributions of Capital from the General Fixed Asset Account Group to Enterprise Funds**	628	-
Net Fixed Assets Transferred to the General Fixed Asset Account Group from Proprietary Funds***	979	-
Total Residual Equity Transfers and Related Activity	$ 2,467	$ 2,467

* Transfers of assets between Judicial and Public Employees' Retirement Funds. This reflects the exercising of an option by employees to transfer to Public Employees' Retirement System.

** Transfers of assets from the General Fixed Assets Account Group to various enterprise activities in the community college system (treated as contributions of capital).

***Net fixed assets transferred to the General Fixed Assets Account Group from Internal Service Fund activities:

a. Discontinuance of use of Higher Education Revolving Fund for data processing at Eastern Washington University.

b. Discontinuance of use of Data Processing Revolving Fund at Washington State University.

c. Transfer of leasehold improvements from Equipment Revolving Fund to the General Fixed Assets Account Group at Washington State University.

NOTE 5 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The state of Washington operates enterprise funds which are intended to be self-supported through fees charged to the public. These funds are broken down into individual accounts for administrative purposes. Enterprise fund activities operated by the state include the following:

	Primary Source of Revenue or Purpose
Liquor Fund	Sales of liquor, and licenses and permits to sell liquor.
Workers' Compensation Fund	Employer contributions for workers' compensation for employment related accidents and disabilities.
Convention and Trade Fund	To attract national and regional conventions to Washington State.
Lottery Fund	Washington State Lottery revenues and operations.
State Ferry and Toll Fund	Tolls and fares related to various bridge and ferry operations.
Student Services Fund	Sales and fees related to housing, food service, bookstores, and other enterprises managed by state colleges and universities.
All Other Enterprise Funds	Services and fees charged by the various departments including: Department of Social and Health Services and the Department of Corrections.

The table below reflects in a summarized format the significant enterprise fund activities which have occurred during the fiscal year ended June 30, 1989. Interfund transactions have not been eliminated for purposes of this analysis (expressed in thousands):

	Liquor Fund	Workers' Compensation Fund	Convention and Trade Fund	Lottery Fund	State Ferry and Toll Fund	Student Services Fund	All Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	$ 101,527	$ 650,665	$ 12,654	$ 255,425	$ 54,788	$ 300,411	$ 10,642	$ 1,386,112
Depreciation and Amortization	777	2,093	3,720	335	11,253	16,047	329	34,554
Operating Income (Loss)	56,408	(263,213)	2,309	105,301	(34,670)	12,719	(1,101)	(122,247)
Operating Interfund Transfers (Net)	(33,456)	3,924	-	(104,163)	21,861	15,535	1,841	(94,458)
Tax Revenue	22,159	-	10,147	-	-	-	-	32,306
Net Income (Loss)	609	29,275	(15,636)	2,204	(11,652)	21,846	1,026	27,672
Current Capital Contribution	-	-	-	-	25,281	1,408	5	26,694
Net Working Capital	23,126	(289,278)	(8,260)	2,239	(44,202)	91,189	8,392	(216,794)
Change in Fixed Assets	870	(1,399)	12,336	640	14,132	7,013	89	33,681
Total Assets	49,926	3,742,844	188,817	159,848	405,463	522,593	15,680	5,085,171
Bonds and Other Long-Term Liabilities Payable from Operating Revenues	-	2,093	7	128,089	18,705	178,280	106	327,280
Other Long-Term Liabilities Payable from Other Sources	-	2,915,359	130,770	-	-	-	-	3,046,129
Total Equity	27,472	259,218	40,192	2,936	317,127	290,887	12,203	950,035

NOTE 6 - RETIREMENT SYSTEMS

A. General Description of the Retirement Systems

The state of Washington, through the Department of Retirement Systems, administers five retirement systems: Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSP), and the Judicial Retirement System (JRS). The State of Washington Board for Volunteer Fire Fighters' administers the Volunteer Fire Fighters' Relief and Pension Fund (VFFRPF). In addition, state universities and colleges participate in Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF) and the Higher Education Supplement (HES). TIAA/CREF is privately operated and HES is administered by the individual higher education institutions. Information pertinent to each system is stated below.

PERS, TRS, and LEOFF, are cost-sharing multiple-employer defined benefit retirement systems; these retirement systems contain two plans. Participants who joined the systems by September 30, 1977 are Plan I members. Those joining thereafter are enrolled in Plan II. JRS, VFFRPF and HES are also cost-sharing multiple-employer defined benefit systems. The WSP is a single-employer defined benefit retirement system. TIAA/CREF is a multiple-employer defined contribution system. Pension benefit provisions for all systems have been established by statute. Vesting information for the retirement systems is disclosed on an individual basis (Note 6, Item E - System Details).

The employers' actual current-year covered payroll for the fiscal year ended June 30, 1989 is noted below (expressed in millions):

	PERS	TRS	LEOFF	WSP	JRS	VFFRPF
Washington State	$ 1,668	$ 6	$ 0	$ 31	$ 5	$ 0
Other Employers	1,690	1,574	407	0	4	N/A
All Employers	$ 3,358	$ 1,580	$ 407	$ 31	$ 9	$ 0

TIAA/CREF and HES current-year covered payroll was $345 million. Payroll information is not applicable for VFFRPF since this is a volunteer organization. In VFFRPF pension benefits are based on years of service, not salary. Total current-year payroll for Washington State employees was $2.2 billion.

PERS, TRS, LEOFF, WSP, JRS, VFFRPF, and TIAA/CREF retirement benefits are financed from a combination of investment earnings and employee, employer, and state contributions. LEOFF benefits are also financed through legislative appropriations. HES and JRS are financed on a pay-as-you-go basis. Employee contributions to PERS, TRS, and LEOFF accrue interest at a rate specified by the Department of Retirement Systems (DRS). During Fiscal Year 1989, the DRS-established rate on employee contributions was 5.5 percent, compounded quarterly. WSP Retirement System employee contributions earn 5.5 percent interest, compounded monthly. Employees in PERS, TRS, LEOFF, and WSP can elect to withdraw total employee contributions and interest earnings thereon upon termination. JRS employees earn no interest on contributions and may not elect to withdraw their contributions upon termination. VFFRPF employees earn no interest on contributions and may elect to withdraw their contributions upon termination.

The Entry Age Cost Method is used in PERS I, TRS I, LEOFF I, WSP, JRS, and VFFRPF to determine the Normal Cost. The Aggregate Cost Method is used in PERS II, TRS II, and LEOFF II to establish a contribution rate which is a level percentage of pay. For PERS I, TRS I, and LEOFF I, the Unfunded Actuarial Accrued Liability (U.A.A.L.) is amortized as a level percentage of all salaries (Plans I and II) over periods ending in 2025, 2014, and 2010 respectively; for WSP over 40 years, ending in 2029. However, bill #ESSB 5418 was passed by the state legislature in the 1989 legislative session which will amortize the U.A.A.L. for all Plan I's and the WSP over a period ending in 2024. The effective date of this bill is July 1, 1989. The JRS U.A.A.L. is amortized over 20 years, ending in 2008; VFFRPF U.A.A.L. is amortized over 29 years, ending in 2017. Plan II's have no U.A.A.L.

B. Funding Status And Progress

The total pension benefit obligation is stated below on an individual basis. These totals are based on a standardized disclosure measure as required by GASB Statement 5. This standardized measure is the actuarial present value of credited projected benefits, adjusted for the effects of projected salary increases and any step-rate benefits (LEOFF only) estimated to be payable in the future as a result of employee service to date. Use of the standardized measure enables readers of Washington's financial statements to: (a) assess on an ongoing basis the funding status of each system, (b) assess progress

made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons with other states or retirement systems. The standardized disclosure method is independent of the actuarial funding method used to determine contributions to the retirement systems. The assumptions used to determine the contribution rates are the same as those used in determining the pension benefit obligation.

Historical Trend Information for six of the state administered systems is found in the Required Supplementary Section of this report. This will provide information about the progress made by Washington State in accumulating sufficient assets to pay benefits when due.

The Office of the State Actuary, using methods prescribed by statute, determines actuarially required contribution rates for the various systems. The rates actually levied are determined by the Legislature which is not obligated to follow the actuarially determined rates. Often the actual rates have been less than those actuarially required. The amounts levied for all systems are recorded in the General Long-Term Obligations Account Group and displayed in the Changes in General Long-Term Obligations (see Note 3.K, page 53). The aggregate amount for all retirement systems was $105.3 million as of June 30, 1989.

C. Summary of Selected Actuarial Data

The following summary of selected actuarial data, compiled in accordance with GASB Statement 5, was prepared by the Office of the State Actuary using the latest actuarial data:

	PERS	TRS	LEOFF	WSP	JRS	VFFRPF	Total (Memo Only)
NUMBER OF PARTICIPANTS:							
Active Members:							
Vested	78,272	37,497	7,853	673	66	4,361	128,722
Nonvested	55,000	11,000	2,604	187	57	6,737	75,585
Total Active Members	133,272	48,497	10,457	860	123	11,098	204,307
Inactive Vested Members	5,478	3,822	102	51	0	0	9,453
Retired Members	45,181	21,295	4,972	301	77	1,478	73,304
Total Participants	183,931	73,614	15,531	1,212	200	12,576	287,064
Latest Actuarial Valuation Date	12-31-88	6-30-88	12-31-88	6-30-88	12-31-88	12-31-88	
Actuarial Update		6-30-89		6-30-89			
PENSION BENEFIT OBLIGATION (dollars expressed in millions):							
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 2,662	$ 1,992	$ 1,654	$ 72	$ 24	$ 20	$ 6,424
Current Employees: Accumulated employee contributions including allocated investment income	1,591	1,200	251	26	7	2	3,077
Employer-financed vested benefits	2,258	2,618	1,095	97	30	18	6,116
Employer-financed nonvested benefits	220	200	30	1	0	0	451
Total Pension Benefit Obligation	6,731	6,010	3,030	196	61	40	16,068
Net Assets Available for benefits as of Actuarial Date (at Market)	5,296	3,711	2,127	205	2	39	11,380
Unfunded Pension Benefit Obligation	$ 1,435	$ 2,299	$ 903	$ (9)	$ 59	$ 1	$ 4,688

The measurement of the total pension benefit obligation for PERS, LEOFF, JRS, VFFRPF is based on the date of the actuarial valuation as noted in the table above. Net assets available to pay pension benefits were valued as of the same date. The measurement of the total pension benefit obligation for TRS and WSP is based on a June 30, 1988, actuarial valuation which was updated to June 30, 1989. Net assets available to pay pension benefits were projected to the same date.

D. Significant Actuarial Assumptions

A summary of significant actuarial assumptions used to determine the standardized measure of the pension benefit obligation for PERS, TRS, LEOFF, WSP, and JRS is listed below:

- The discount rate used to determine the present value of the pension benefit obligation was 8.2 percent in 1988, 7.6 percent in 1989, and 7.0 percent thereafter.
- A 5.25 percent projected salary increase due to inflation.
- Projected salary increases due to merit or seniority are based on length of service, with new employees getting increases after one year of service.

  PERS - 7.0 percent for the first year grading to zero with ten years of service.
  TRS - 6.0 percent grading to zero with fifteen years of service.
  LEOFF - 9.5 percent grading to zero with ten years of service.
  WSP - 5.5 percent grading to zero after six years of service.

- For WSP, a cola which is 2.00 percent of the original benefit amount.
- Normal costs for the systems are as follows:

PERS I	12.07 percent of pay	PERS II	9.58 percent of pay
TRS I	16.20 percent of pay	TRS II	13.19 percent of pay
LEOFF I	43.47 percent of pay	LEOFF II	15.28 percent of pay
WSP	25.39 percent of pay	JRS	29.57

- Employee contributions are fixed at 6.0 percent of current-year covered payroll in PERS I, LEOFF I, and TRS I, and 7.0 percent in WSP. Employers contribute 6.0 percent of current-year covered payroll in LEOFF I and the state pays the remaining employer share. All retirement system Plan II members pay 50 percent of the normal costs, with the state or employer paying the balance. For LEOFF II, the state pays 20 percent and the employer pays 30 percent.
- The aggregate cost method incorporates all costs into one rate. There is no separate U.A.A.L. rate for Plan II's. The U.A.A.L. of Plan I's are amortized over future salaries of both Plan I and Plan II members.

E. System Details

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

System Information

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges); employees of legislative committees; community college, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 50 percent of PERS members are state employees. Retirement benefits are vested after an employee completes five years of eligible service.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of membership service (average final compensation is based on the greatest compensation during any 24 consecutive compensation months), capped at 60 percent.

Plan II members may retire at the age of 65 with 5 years of service, or at age 55 with 20 years of service, with an allowance of 2 percent per year of service of the average final salary (average final compensation is based on the greatest compensation during any consecutive 60 month period). Plan II retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan I provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to age 60 consist of a temporary life annuity payable to age 60. The amount of the allowance is two-thirds of the average final compensation, not to exceed $4,200 a year. The benefit is reduced by any worker's compensation benefit and is payable as long as member remains disabled or attains the age of 60. A member with five years of membership service is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2% of the average final compensation for each year of service reduced by 2% for each year by which the date of disablement precedes the disabled member's fifty-fifth birthday. The total benefit is limited to 60% of the average final compensation. No significant changes were made in PERS benefit provisions for fiscal year ended June 30, 1989.

Contributions Required and Contributions Made

Each biennium the Legislature establishes Plan I employer contribution rates and Plan II employer and employee contribution rates. Employee contribution rates for Plan I are established by statute at 6.00 percent. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II are developed by the Office of the State Actuary to fully fund PERS II. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute as per RCW 41.40.

The state's actuarially determined (12-31-88) contribution as a percentage of employers' current-year covered payroll for fiscal year ended June 30, 1989, was 8.51 percent for Plan I of which 6.07 percent represents normal costs and 2.44 percent represents the U.A.A.L. For Plan II, the rate was 7.23 percent, 4.79 percent represents normal costs and 2.44 percent represents the U.A.A.L. for Plan I. Total PERS actuarially determined contributions were $438 million, of which $260 million were employer, and $178 million employee. Total actual contributions were $381 million, of which $201 million were employer, and $180 million were employee. The state's liabilities constitute just under half of all PERS liabilities, therefore the state's figures are as follows: required total contributions $217 million, employer $129 million, and employee $88 million; actual total contributions $189 million, employers $100 million and the employees $89 million. Actual contribution rates (expressed as a percentage of the employers' current-year covered payroll) for Fiscal Year 1989, were as follows:

	PLAN I	PLAN II
Employer Contributions:		
State Agencies	5.95%	5.99%
Local Governmental Units	5.96%	6.00%
State Government Elective Officials	8.25%	6.54%
Employee Contributions:		
State Agencies	6.00%	4.90%
Local Governmental Units	6.00%	4.90%
State Government Elective Officials	7.50%	4.90%

TEACHERS' RETIREMENT SYSTEM (TRS)

System Information

The TRS was legislatively established in 1938. Eligibility for membership requires service as a certificated employee in grades K-12 in the public schools. TRS is comprised principally of nonstate employees. Retirement benefits are vested after an employee completes five years of eligible service.

Teachers in Plan I are eligible to retire either after 30 years of service, or at the age of 60 with 5 years of service, or at age 55 with 25 years of service. The benefit is 2 percent of the average earnable compensation per year of service (average earnable compensation is based on the greatest compensation during any consecutive two final compensation contract years).

The normal retirement age for Plan II employees is 65. However, members are eligible to retire at the age of 65 with five years of service, or at age 55 with twenty years of service. Plan II benefits are 2 percent of the final average salary per year of service with a cost-of-living allowance indexed to the Seattle Consumer Price Index and capped at 3 percent annually (average final compensation is based on the greatest compensation during any consecutive 60 month period). Plan II retirements prior to age 65 are actuarially reduced.

Death and disability benefits are available in Plan I. TRS I members receive the following additional lump sum death benefits: Retired member - $400.00 (if at least 10 years of membership service), Active members -$600.00. Members on temporary disability receive a temporary life annuity of $180 per month payable up to two years. After five years of service, members on a disability retirement receive an allowance based on salary and service to date of disability. Members prior to April 25, 1973 may elect a benefit based on the formula in effect at that time. TRS plans had no major changes in the retirement benefit provisions for fiscal year ended June 30, 1989.

Contributions Required and Contributions Made

Each biennium the Legislature establishes Plan I employer contribution rates and Plan II employer and employee contribution rates. Employee contribution rates for Plan I are established by statute at 6.00 percent. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II are developed by the Office of the State Actuary to fully fund TRS II. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute as per RCW 41.32.

The state's actuarially determined contribution as a percentage of employers' current-year covered payroll for fiscal year ended June 30, 1989, was 17.00 percent for Plan I, of which 10.20 percent represents normal costs and 6.80 percent represents the U.A.A.L. For Plan II, the rate was 13.39 percent, of which 6.60 percent represents normal costs and 6.80 percent represents the U.A.A.L. for Plan I. The state is responsible for funding basic education; based upon that funding the school districts make payments directly to the pension fund for pension liabilities incurred for their employees. The total contribution requirement to TRS for the fiscal year ended June 30, 1989, was $347 million for the system as a whole. Actual employer contributions were $180 million; actual employee contributions were $99 million, totaling $279 million for the system as a whole. The total contribution requirement for Washington State was $1.4 million. Total actual contributions of $1.1 million were made; of this amount, the state contributed $722,000 and state employees $390,000. Actual contribution rates (expressed as a percentage of employers' current-year covered payroll) for fiscal year ended June 30, 1989, were as follows:

	PLAN I	PLAN II
TRS Employee Contributions	6.00%	6.99%
Employer Contributions	11.33%	11.33%

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF)

System Information

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement officers and fire fighters. LEOFF is comprised solely of nonstate employees. Retirement benefits are vested after an employee completes five years of eligible service.

Plan I participants are eligible to retire with 5 years of service at the age of 50. The benefit per year of service is calculated as a percent of final average salary as follows: 5-10 years - 1.0%, 10-20 years - 1.5%, 20+ years - 2.0%. The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for twelve months preceding the date of retirement. Otherwise, it is the average of the highest consecutive twenty-four months salary within the last ten years of service. Retirement benefits are fully indexed to the Seattle area Consumer Price Index.

Plan II participants are eligible to retire at the age of 50 with 20 years of service, or at 58 with 5 years of service. Retirement benefits prior to age 58 are actuarially reduced. The benefit is 2 percent of average salary per year of service. The average salary is based on the highest consecutive 60 months. Retirement benefits are indexed to the Seattle Consumer Price Index with a cap of 3 percent annually.

Significant death and disability benefits are provided by Plan I. Death benefits for Plan I members on active duty consist of the following: (1) If eligible spouse, 50% of the final average salary, plus 5% of final average salary for each surviving child, with a limitation on the combined allowances of 60% of the final average salary, (2) If no eligible spouse, 30% of final average salary for the first child plus 10% for each additional child, subject to a 60% limitation of final average salary. Plan I members are eligible for disability benefits after a six month waiting period (during which salary is paid by employer). The amount of the allowance is 50% of the final average salary plus 5% for each child up to a maximum of 60%. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, a member's benefit continues as the greater of his disability allowance or his service retirement allowance. These benefit provisions were established by statute. There were no material changes in LEOFF benefit provisions for fiscal year ended June 30, 1989.

Contributions Required and Contributions Made

Plan I employers and employees are required to contribute at a rate of 6.00 percent and the state is responsible for the balance of the funding. Employer and employee contribution rates for Plan II are developed by the Office of the State Actuary to fully fund LEOFF II. Plan II employers and employees are required to pay at the level established by the legislature as per RCW 41.26. The methods used to determine the contribution requirements were established by statute.

The state's actuarially determined contribution rate as a percentage of employers' current-year covered payroll for fiscal year ended June 30, 1989, was 43.96 percent for Plan I, of which 31.47 percent represents normal costs and 12.49 percent represents the U.A.A.L. For Plan II, the rate was 15.54 percent, of which 3.06 percent represents normal costs and 12.48 percent represents the U.A.A.L. for Plan I. As an employer, the state makes no contributions to LEOFF. However, the Legislature has appropriated money from the general fund to supplement the current service liability and to fund the prior service costs (U.A.A.L.) as per RCW 41.26.080(3). This is not a constitutional requirement and this liability could be returned to the employer by a change of statute. The total contribution requirement for Fiscal Year 1989, was $159.1 million. Actual contributions were as follows: Other employer, $22.0 million; employee contributions, $28.7 million; state contributions, $54.8 million; totaling $105.5 million. Actual contribution rates (expressed as a percentage of employers' current-year covered payroll) for Fiscal Year 1989, were as follows:

	PLAN I	PLAN II
Employer Contributions	6.00%	4.85%
Employee Contributions	6.00%	8.09%
State of Washington Contributions	27.24%	3.24%

WASHINGTON STATE PATROL RETIREMENT SYSTEM (WSP)

System Information

The Washington State Patrol Retirement System was established by the Legislature in 1947. Any commissioned employee of the State Patrol is eligible to participate.

Members are eligible to retire at age 55 or after 25 years of service with a benefit of 2 percent of final average salary per year of service. The benefit is capped at 75 percent of final average salary. In addition, a 2 percent cost-of-living allowance is included. Retirement benefits are vested after an employee completes five years of eligible service.

Benefit provisions include death benefits, however, the system contains no disability benefits. The death benefit for a spouse of a member on active duty consist of 50% of average final salary, and 5% of average final salary for each surviving child, with a limitation on the combined allowance of 60% of average final salary. No significant changes were made in WSP benefit provisions for fiscal year ended June 30, 1989.

Contributions Required and Contributions Made

The state's actuarially determined contribution rate (expressed as a percentage of the state's current-year covered payroll) for fiscal year ended June 30, 1989 was 18.67 percent, of which 18.39 percent represents normal costs and .28 percent represents the U.A.A.L. Statutes (RCW 43.43) obligate employees to contribute at a fixed rate of 7.0 percent. Contribution rates for the state are established biennially by the retirement board on the basis of assets and liabilities as shown by actuarial valuation. The WSP actuarially determined contribution for the fiscal year ended June 30, 1989, was $2.1 million and actual employee contributions were $2.1 million. In addition, actual contributions were made by the state at a rate of 19.88 percent, or $6.1 million, for an actual contribution total of $8.2 million.

Trend Information

Three-Year Historical Trend Information for the Washington State Patrol Retirement System is presented below:

WASHINGTON STATE PATROL HISTORICAL TREND INFORMATION - FISCAL YEARS 1987 TO 1989

	1989	1988	1987
Net assets available for benefits expressed as a percentage of the pension benefit obligation applicable to State Patrol employees	104.4%	101.0%	104.0%
Unfunded (assets in excess of) pension benefit obligation as a percentage of the State Patrol's annual covered payroll	(28%)	(3%)	(21%)
State contributions to the pension system as a percentage of the state's annual covered payroll in accordance with actuarially determined requirements	19.9%	19.9%	22.6%

THE JUDICIAL RETIREMENT SYSTEM (JRS)

System Information

The Judicial Retirement System (JRS) was established by the Legislature in 1971. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, on or after August 9, 1971. The system was capped July 1, 1988, with new judges joining PERS II. Current JRS members have been given the option of becoming members of PERS and transferring their JRS service credit. These members have until December 31, 1989 to transfer from JRS to PERS.

Any member who involuntarily terminates with 12 or more years of credited service and 15 years after beginning judicial service, or voluntarily terminates with 15 or more years of credited service, is vested and shall receive retirement benefits upon attaining age 60. Retirement benefits are 3 percent of the average final compensation for 10-15 years of service and 3.5 percent for more than 15 years of service.

Death and disability benefits are also provided. Eligibility for death benefits while on active duty requires ten or more years of service. A monthly benefit is provided which is equal to 50% of the benefit a member would have received if retired, or if greater, 25% of the average final compensation of the member. These benefits terminate with the death or remarriage of the recipient. If the member is retired, a 50% allowance is provided to the surviving spouse that has been married to the judge at least 3 years at the time of death. Benefits terminate on remarriage. For members with ten or more years of service a disability benefit of 50% of salary is provided. No significant changes were made in JRS benefit provisions for fiscal year ended June 30, 1989.

Contributions Required and Contributions Made

The state's actuarially determined contribution rate (expressed as a percentage of the state's current-year covered payroll) for fiscal year ended June 30, 1989 was 48.75%, of which 22.07% represents normal cost and 26.68% represents the U.A.A.L. Judicial System retirement benefits are financed by employee and employer contributions totaling 7.5 percent of current-year covered payroll, and by state contributions which are made on a pay-as-you-go basis (RCW 2.10). The JRS actuarially determined contribution for the fiscal year ended June 30, 1989 was $6.0 million. Actual employer contributions for Fiscal Year 1989 were $696,000; actual employee contributions were $696,000; general fund contributions were $1.4 million, for a total contribution amount of $2.8 million. An amount of $20 thousand (representing employee contributions) was transferred to PERS when JRS members were allowed to transfer to PERS.

THE VOLUNTEER FIRE FIGHTERS' RELIEF AND PENSION FUND (VFFRPF)

System Information

The Volunteer Fire Fighters' Relief and Pension Fund (VFFRPF) was created by the Legislature in 1945. Membership in the system requires volunteer service with a fire department of an electing municipality of Washington State. Members are vested after ten years of service.

After twenty-five years of active membership, members having reached the age of sixty-five and who have paid their annual retirement fee for twenty-five years, are entitled to receive a monthly benefit of $25 plus $7 per year of service. The maximum benefit is $200. Reduced pensions are available for members under the age of sixty-five or with less than twenty-five years of service.

Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of $2,000. Funeral and burial expenses are also paid in a lump sum of $2,000 for members on active duty. Members receiving disability benefits at the time of death shall be paid $500. Members on active duty shall receive disability payments of $1,200 per month for up to six months. For dismemberment claims, members receive $600 per month (up to $1,200 if there are dependents) for life. No significant changes were made in VFFRPF benefit provisions for fiscal year ended June 30, 1989. Benefit provisions for VFFRPF are established under the authority of RCW 41.24.

Contributions Required and Contributions Made

The system is funded through member contributions of $20 per year; employer contributions of $10 per year; and 40 percent of the Fire Insurance Premium Tax, as per RCW 41.24. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination.

The VFFRPF actuarially determined contribution requirement was $116.72 per member plus $37.05 per fire fighter for the disability and medical benefits. The amounts actuarially required were as follows: employer, $111,000; employee $222,000; state $1.988 million. Actual contributions were as follows: employer, $111,000; employee $222,000; state $1.986 million (40% of net fire insurance premium taxes), for a total of $2.3 million. Since this is a volunteer organization, benefits are paid based on years of service not salary.

TEACHERS' INSURANCE AND ANNUITY ASSOCIATION/COLLEGE RETIREMENT EQUITY FUND (TIAA/CREF)

System Information

TIAA/CREF is privately operated and not administered by Washington State. TIAA/CREF covers higher education faculty and other positions as designated by each institution; participation was established under RCW 28B.10. The employee must commence participation within the first two years of employment. Once eligible to participate in this system, members are vested immediately.

TIAA/CREF benefits are payable upon termination at the member's option unless the participant is reemployed in another institution which participates in TIAA/CREF. Upon retirement, participant accumulations are used to purchase an annuity. The benefits are determined as follows: TIAA - accumulations are converted to a fixed guaranteed annuity payable for life. In addition to the guaranteed annuity, a dividend payment is declared each year depending on investment performance; CREF - at retirement the value of the fund is converted to a variable annuity. This means the annuity is not guaranteed but rises and falls with the value of equity investments.

Current-year covered payroll for TIAA/CREF employees was $345 million for fiscal year ended June 30, 1989.

Contribution Required and Made

Employee contribution rates, which are based on age, range from five to ten percent of salary. These rates are matched by the institution and sent to TIAA/CREF. The employer and employee obligation to contribute are established per RCW 28B.10. The contribution requirement for TIAA/CREF was $56 million. Actual employer and employee contributions were $28 million each, for a total of $56 million. These amounts represent 8 percent of covered payroll for employers and employees.

HIGHER EDUCATION SUPPLEMENT (HES)

System Information

The Higher Education Supplement was established by the Legislature and is administered by the individual higher education institutions. This system covers higher education employees, primarily academic personnel, that participate in the TIAA/CREF annuity system and meet certain requirements based on age and years of service. Employees are eligible for an unreduced supplementation after the age of 65 with ten years of full-time service.

The benefit goal is 2% of the average annual compensation for each year of full-time employment up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA/CREF contribution after age 50, the benefit goal shall be 1.5% for each year of full time service for those years the lower contribution rate is selected. Individual higher education institutions make payments to qualifying personnel when the retirement benefits provided by TIAA/CREF do not meet the benefit goal. No significant changes were made in HES benefit provisions for fiscal year ended June 30, 1989.

Current-year covered payroll for HES is the same as for TIAA/CREF.

Contributions Required and Contributions Made

The HES is a noncontributory supplemental pension system; it is financed on a pay-as-you-go basis. This system supplements the benefits of certain higher education retirees as per RCW 28B.10. Higher education supplements paid by the state during Fiscal Year 1989 were approximately $4.5 million with an associated U.A.A.L. of approximately $45 million.

NOTE 7 - DEFERRED COMPENSATION PLAN

The state of Washington offers its employees, and employees of those political subdivisions that elect to participate, a deferred compensation plan pursuant to RCW 41.04.250, in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees elect to defer a portion of their salary until future time periods. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the state. The state's rights to this property are subject only to the claim of the state's general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan. Political subdivisions electing to participate retain separate property rights.

The rights of state employees under the plan are equal to those of general creditors of the state in an amount equal to the fair market value of the deferred account for each participant.

The Deferred Compensation Committee has fiduciary responsibility for plan assets and has the duty of due care that would be required of an ordinary prudent investor. It is highly unlikely that the state will be required to use the assets to satisfy claims of general creditors in the future.

Of the $160.9 million in the plan at June 30, 1989, $156.6 million was applicable to the state, while the remaining $4.3 million represents the assets of the other jurisdictions participating in the plan. Deferred Compensation Plan investments along with the corresponding liability, are recorded at fair market value in the Deferred Compensation Agency Fund.

NOTE 8 - SUMMARY OF SIGNIFICANT LITIGATION

The state and its agencies are parties to numerous routine legal proceedings which normally occur in governmental operations, the re-occurring pattern of such litigation is not likely to have a materially adverse effect on the state's revenues or expenditures. Two legal proceedings, however, should be noted.

American National Can Corp., et. al. v. State of Washington. In 1984, a number of interstate manufacturing businesses commenced actions challenging Washington State's Business and Occupation Tax on the ground that it violated the Commerce Clause of the United States Constitution. Some of those actions were consolidated and were heard by the United States Supreme Court in Tyler Pipe Industries, Inc. v. Washington State Department of Revenue, 483 U.S. 232 (1987). In Tyler Pipe, the United States Supreme Court struck down a portion of the Washington State Business and Occupation and remanded the case on the question of remedies. In National Can Corp., et al. v. Department of Revenue, 109 Wn. 2d 878, 749 P. 2d 1282 (U.S. cert denied ___ U.S. ___, 108 S. Ct. 2030 (1988)), the Washington Supreme Court ruled that no refunds were required for taxes collected prior to June 23, 1987, the date the Tyler Pipe decision was handed down by the United States Supreme Court.

On August 10, 1987, the Washington Legislature met in special session and amended the State Business and Occupation Tax to conform with the United States Supreme Court's decision in Tyler Pipe. On April 1, 1988, a number of interstate manufacturing businesses filed an action in Thurston County Superior Court challenging the amended business and occupation tax, again alleging a Commerce Clause violation. This case, American National Can Corp., et al. v. State of Washington, et al., on July 21, 1989, resulted in a Superior Court Order granting the State's Motion for Summary Judgement. The Court held that the amended business and occupation tax did not violate the Commerce Clause of the United States Constitution. The plaintiffs have appealed that decision to the Washington Supreme Court, Docket No. 56348-9. The Washington Supreme Court heard oral argument on this appeal on November 15, 1989 and has the case under consideration.

While the plaintiffs have been unsuccessful, the Department of Revenue estimates the total potential recovery by the plaintiffs and others similarly situated if they should prevail would be in the neighborhood of $360 million for the 1987-1989 biennium.

In November, 1984, holders of Washington Power Supply System Project No. 4 and No. 5 revenue bonds sued the state of Washington and certain state elected officials in a class action suit in King County Superior Court. That lawsuit sought to impose liability on the State, which is not the issuer of the bonds, under several alternative theories for payment of those bonds. The State moved to dismiss the action on the basis that the complaint failed to state a claim upon which relief could be granted. On June 27, 1985, the Superior Court granted the State's motion to dismiss. The plaintiff appealed and, on May 12, 1988, the State Supreme Court reversed the dismissal. In its 5 to 4 decision, the Supreme Court, ruled that the dismissal of the lawsuit at the preliminary stage was inappropriate, and that the plaintiff should have the opportunity to produce and present evidence in support of its allegations. The State filed a motion for reconsideration of two issues which was denied by the State Supreme Court on July 27, 1989. The lawsuit has been remanded to the Superior Court for further proceedings.

On September 6, 1989, U.S. District Court Judge William D. Browning approved a comprehensive settlement of MDL 551, the federal court securities litigation relating to the Washington Public Power Supply System, Projects 4 and 5 Bonds. The state of Washington was requested by the parties in that litigation to participate in the comprehensive settlement. The State agreed to contribute $10 million to conclude any and all claims against the state. Funds for the settlement were appropriated by the Legislature, and the settlement has been approved by the parties and the court. An appeal to the Ninth Circuit Court of Appeals has been filed challenging the settlement. Based upon the settlement in federal court, it is anticipated that the lawsuit in state court will be dismissed.

NOTE 9 - SUMMARY OF SUBSEQUENT EVENTS

Bond Issues

On July 20, 1989, the state issued $135.2 million in various purpose general obligation and motor vehicle fuel tax general obligation refunding bonds. These bonds provided for the advance refunding of callable bonds originally issued for state buildings, higher education and highway construction, under date of October 1, 1987.

On September 25, 1989, the state issued $130 million zero interest rate general obligation bonds. The issue provided $50.2 million for various capital projects. These bonds are sold to Washington State citizens as part of a college savings program and other long-term saving objectives.

MONRAD C. WALLGREN
GOVERNOR (1945-1949)

Born: April 17, 1891
Died: September 18, 1961

Monrad C. Wallgren was a native of Iowa, who had moved with his family to Everett, Washington in 1901. He graduated from the Washington State School of Optometry in 1914. Following service in World War I, Wallgren engaged in the jewelry and optical business in Everett until his election to Congress.

Wallgren was the first United States Senator and also the first former U.S. Representative to be elected governor of Washington. He first had been elected to Congress from the Second District in 1932, and served until his election to the Senate in 1940, where he remained until becoming Governor in 1945. After four years in which the governorship had been held by the minority party in the state, the governor's office was now brought into political harmony with the legislature and the other state offices.

In his inaugural address, Governor Wallgren expressed his hope for the future prosperity of the state: "It is time for the West to come of age and to take its proper place in the world. We have the resources and the people for a great and splendid future... It is up to those in charge of government and business to do their job now and in the future." The governor's recommendations to the legislature included: more research by government, labor and industry to find new sources of income and employment; increased social welfare legislation; the enhancement of agriculture; and a revision of the constitution. Among the most important acts passed by the 1945 legislature was the seventy-five page Unemployment Compensation Act, a completely new code repealing all former acts.

Following the war, the state experienced a very difficult period of transition in converting the expanded war time economy back to a peacetime basis. The aircraft and shipbuilding industries maintained a high level of activity, but statewide unemployment was high.

After serving as chairman of the FPC during the Truman administration, Wallgren resigned in September, 1951, and retired to his home in Palm Desert, California.

REQUIRED SUPPLEMENTARY INFORMATION

Public Employees' Retirement System
Analysis of Funding Progress
Calendar Years 1979 through 1988
(dollars in millions)

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Net Assets Available for Benefits	$5,296	$4,634	$4,110	$3,482	$2,708	$2,580	$2,111	$1,992	$1,730	$1,485
Pension Benefit Obligation	$6,731	$5,944	$5,304	$4,797	$4,258	$4,138	$3,808	$3,415	$3,076	$2,733
Percentage Funded	79%	78%	77%	73%	64%	62%	55%	58%	56%	54%
Unfunded Pension Benefit Obligation	$1,435	$1,310	$1,194	$1,315	$1,550	$1,558	$1,697	$1,423	$1,346	$1,248
Annual Covered Payroll	$3,186	$2,932	$2,668	$2,524	$2,265	$2,084	$1,922	$1,850	$1,744	$1,534
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	45%	45%	45%	52%	68%	75%	88%	77%	77%	81%

Note: Assets are valued at market for the years 1982-1988; valuation assets for the years 1979-1981.
Source: Washington State Office of the State Actuary.

Public Employees' Retirement System
Revenues by Source and Expenses by Type
Calendar Years 1979 through 1988
(dollars in millions)

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Revenues by Source:										
Employee Contributions	$167.5	$154.2	$149.5	$140.3	$129.2	$119.1	$114.9	$112.1	$103.7	$ 92.7
Employer Contributions:										
Amount	189.1	206.0	227.3	193.9	164.4	141.5	127.7	133.0	129.3	103.1
As Percentage of Covered Payroll	5.9%	7.0%	8.5%	7.7%	7.3%	6.8%	6.6%	7.2%	7.4%	6.7%
Investment Income	591.8	436.0	194.4	278.9	220.2	231.1	184.8	178.9	140.4	76.2
Total Revenues	$948.4	$796.2	$571.2	$613.1	$513.8	$491.7	$427.4	$424.0	$373.4	$272.0
Expenses by Type:										
Benefits	$260.8	$241.0	$222.4	$207.2	$197.4	$186.5	$160.7	$133.9	$118.7	$102.2
Administrative Expenses	1.1	2.2	2.9	4.4	3.8	2.8	1.0	1.1	0.5	0.4
Refunds	30.9	28.8	31.1	31.5	31.5	28.7	28.2	33.5	26.2	24.2
Total Expenses	$292.8	$272.0	$256.4	$243.1	$232.7	$218.0	$189.9	$168.5	$145.4	$126.8

Notes: Investment earnings reflect dividends, interest, and realized capital gains for the years 1979 through 1986; for 1987, unrealized gains and losses are also reflected.

Source: Washington State Office of the State Actuary.

Teachers' Retirement System
Analysis of Funding Progress
Fiscal Years 1980 through 1989
(dollars in millions)

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Net Assets Available for Benefits	$3,711	3,425	$3,264	$2,729	$2,129	$1,613	$1,593	$1,100	$1,088	$1,102
Pension Benefit Obligation	$6,010	$5,474	$4,834	$4,407	$4,029	$3,768	$3,711	$3,561	$3,271	$2,882
Percentage Funded	62%	63%	68%	62%	53%	43%	43%	31%	33%	38%
Unfunded Pension Benefit Obligation	$2,299	$2,089	$1,570	$1,678	$1,900	$2,155	$2,118	$2,461	$2,183	$1,780
Annual Covered Payroll	$1,569	$1,461	$1,364	$1,318	$1,255	$1,178	$1,075	$1,101	$1,062	$ 951
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	147%	143%	115%	127%	151%	183%	197%	224%	206%	187%

Note: Net assets available to pay pension benefits were projected to June 30, 1989.
Assets valued at market for the years 1981-1989; valuation assets for 1980.

Source: Washington State Office of the State Actuary.

Teachers' Retirement System
Revenues by Source and Expenses by Type
Fiscal Years 1979 through 1988
(dollars in millions)

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Revenues by Source:										
Employee Contributions	$ 89.7	$ 90.7	$ 79.7	$ 74.3	$ 71.1	$ 65.6	$ 65.1	$ 62.1	$ 55.8	$ 50.2
Employer Contributions:										
Amount	163.9	153.4	155.0	156.6	168.3	179.7	106.8	96.8	125.2	89.5
As Percentage of Covered Payroll	11.2%	11.2%	11.8%	12.5%	14.3%	16.7%	9.7%	9.1%	13.2%	10.4%
Investment Income	130.8	483.8	196.0	181.9	158.7	135.8	118.2	113.8	76.4	53.4
Total Revenues	$384.4	$727.9	$430.7	$412.8	$398.1	$381.1	$290.1	$272.7	$257.4	$193.1
Expenses by Type:										
Benefits	$202.5	$187.5	$174.5	$161.8	$155.9	$179.2	$125.3	$104.7	$ 95.6	$ 78.5
Administrative Expenses	0.7	1.5	2.8	2.6	2.2	0.1	0.6	0.4	0.04	0.8
Refunds	5.5	5.9	7.3	7.4	7.1	6.4	8.6	6.6	6.6	5.3
Total Expenses	$208.7	$194.9	$184.6	$171.8	$165.2	$185.7	$134.5	$111.7	$102.2	$ 84.6

Notes: Investment earnings reflect dividends, interest, and realized capital gains from 1979 through 1986; for 1987, unrealized gains and losses are also reflected.
Data for 1989 is not yet available.

Source: Washington State Office of the State Actuary.

Law Enforcement Officers' and Fire Fighters' Retirement System
Analysis of Funding Progress
Calendar Years 1980 through 1988
(dollars in millions)

	1988	1987	1986	1985	1984	1983	1982	1981	1980
Net Assets Available for Benefits	$2,127	$1,887	$1,686	$1,376	$1,031	$ 913	$ 700	$ 456	$ 469
Pension Benefit Obligation	$3,030	$2,769	$2,631	$2,424	$2,197	$3,233	$2,952	$2,596	$2,156
Percentage Funded	70%	68%	64%	57%	47%	28%	24%	18%	22%
Unfunded Pension Benefit Obligation	$ 903	$ 882	$ 945	$1,048	$1,166	$2,320	$2,252	$2,140	$1,687
Annual Covered Payroll	$ 363	$ 328	$ 314	$ 295	$ 276	$ 256	$ 236	$ 217	$ 189
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	249%	269%	301%	355%	422%	906%	954%	986%	893%

Note: Data for 1979 was not available.
Assets valued at market for the years 1981-1988; valuation assets for 1980.

Source: Washington State Office of the State Actuary.

Law Enforcement Officers' and Fire Fighters' Retirement System
Revenues by Source and Expenses by Type
Calendar Years 1979 through 1988
(dollars in millions)

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Revenues by Source:										
Employee Contributions	$ 26.5	$ 22.3	$ 21.2	$ 19.7	$ 18.3	$ 16.8	$ 15.4	$ 13.9	$ 11.6	$ 10.1
Employer Contributions:										
Amount	75.3	117.8	160.0	135.7	146.8	107.9	149.9	53.5	93.0	82.1
As Percentage of Covered Payroll	20.7%	35.9%	51.0%	46.0%	53.2%	42.1%	63.5%	24.7%	49.2%	50.2%
Investment Income	94.7	146.2	80.0	120.4	81.6	86.4	55.7	53.9	40.4	20.1
Total Revenues	$196.5	$286.3	$261.2	$275.8	$246.7	$211.1	$221.0	$121.3	$145.0	$112.3
Expenses by Type:										
Benefits	$ 87.9	$ 82.4	$ 77.3	$ 72.1	$ 66.9	$ 62.7	$ 54.8	$ 45.7	$ 36.2	$ 29.2
Administrative Expenses	0.6	1.0	1.2	1.6	1.1	1.0	0.4	0.3	1.2	0.9
Refunds	1.6	1.4	1.4	1.3	1.5	0.9	1.0	1.1	0.8	0.1
Total Expenses	$ 90.1	$ 84.8	$ 79.9	$ 75.0	$ 69.5	$ 64.6	$ 56.2	$ 47.1	$ 38.2	$ 30.2

Notes: Investment earnings reflect dividends, interest, and realized capital gains from 1979 through 1986; for 1987, unrealized gains and losses are also reflected.

Source: Washington State Office of the State Actuary.

Washington State Patrol Retirement System
Analysis of Funding Progress
Fiscal Years 1981 through 1989
(dollars in millions)

	1989	1988	1987	1986	1985	1984	1983	1981
Net Assets Available for Benefits	$205	$181	$170	$139	$111	$87	$86	$62
Pension Benefit Obligation	$196	$180	$164	$137	$128	$130	$120	$90
Percentage Funded	104%	101%	104%	101%	87%	67%	72%	69%
Unfunded Pension Benefit Obligation	($9)	($1)	($6)	($2)	$17	$43	$34	$28
Annual Covered Payroll	$31	$29	$28	$26	$25	$24	$22	$19
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	(28)%	(3)%	(21)%	(8)%	68%	179%	155%	147%

Notes: Net assets available to pay pension benefits were projected to June 30, 1989.
Data was not available for 1982.
1984-1989 assets are at market; 1981 and 1983 are valuation assets.

Source: Washington State Office of the State Actuary.

Washington State Patrol Retirement System
Revenues by Source and Expenses by Type
Fiscal Years 1981 through 1988
(dollars in thousands)

	1988	1987	1986	1985	1984	1983	1981
Revenues by Source:							
Employee Contributions	$ 2,152	$ 1,986	$ 1,851	$ 2,452	$ 2,048	$ 1,567	$ 1,359
Employer Contributions:							
Amount	6,003	6,224	5,769	5,744	5,669	5,351	4,497
As Percentage of Covered Payroll	20.6%	22.2%	22.2%	23.0%	23.6%	24.3%	23.7%
Investment Income	7,647	27,537	12,507	13,731	10,044	11,040	5,244
Total Revenues	$15,802	$35,747	$20,127	$21,927	$17,761	$17,958	$11,100
Expenses by Type:							
Benefits	$ 4,667	$ 4,223	$ 3,948	$ 3,723	$ 3,359	$ 2,948	$ 1,819
Administrative Expenses	21	77	217	218	217	94	42
Refunds	240	26	108	91	14	16	88
Total Expenses	$ 4,928	$ 4,326	$ 4,273	$ 4,032	$ 3,590	$ 3,058	$ 1,949

Notes: Investment earnings reflect dividends, interest and realized capital gains for periods stated; for 1987, unrealized gains and losses are also reflected.
Data for 1982 was not available because the system was not evaluated on a yearly basis.
Data for 1989 is not yet available.

Source: Washington State Office of the State Actuary.

Judicial Retirement System
Analysis of Funding Progress
Calendar Years 1986 through 1988
(dollars in thousands)

	1988	1987	1986
Net Assets Available for Benefits (at Market)	$ 1,812	$ 1,144	$ 553
Pension Benefit Obligation	$60,719	$58,414	$52,449
Percentage Funded	3%	2%	1%
Unfunded Pension Benefit Obligation	$58,907	$57,270	$51,896
Annual Covered Payroll	$ 9,280	$ 8,978	$ 8,288
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	635%	638%	626%

Source: Washington State Office of the State Actuary.

Judicial Retirement System
Revenues by Source and Expenses by Type
Calendar Years 1986 through 1988
(dollars in thousands)

	1988	1987	1986
Revenues by Source:			
Employee Contributions	$ 787	$ 641	$ 641
Employer Contributions:			
Amount	787	636	632
As Percentage of Covered Payroll	8.5%	7.1%	7.6%
Investment Income	70	110	105
Total Revenues	$ 1,644	$ 1,387	$ 1,378
Expenses by Type:			
Benefits	$ 2,428	$ 2,141	$ 2,036
Administrative Expenses	6	6	0
Refunds	0	0	0
Total Expenses	$ 2,434	$ 2,147	$ 2,036

Source: Washington State Office of the State Actuary.

Volunteer Fire Fighters' Relief and Pension Fund
Analysis of Funding Progress
Calendar Years 1987 and 1988
(dollars in thousands)

	1988	1987
Net Assets Available for Benefits (at Market)	$38,504	$35,975
Pension Benefit Obligation	$39,930	$38,376
Percentage Funded	96%	94%
Unfunded Pension Benefit Obligation	$ 1,426	$ 2,401
Annual Covered Payroll	N/A	N/A
Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll	N/A	N/A

Note: Covered payroll is not presented because it is not applicable since this is a volunteer organization. The pension benefit is based on years of service, not salary.
Source: Washington State Office of the State Actuary.

Volunteer Fire Fighters' Relief and Pension Fund
Revenues by Source and Expenses by Type
Calendar Years 1987 and 1988
(dollars in thousands)

	1988	1987
Revenues by Source:		
Employee Contributions	$ 222	$ 214
Employer Contributions:		
Amount	111	107
As Percentage of Covered Payroll	N/A	N/A
Fire Insurance Premium Tax (40% net)	1,986	2,084
Disability Fees	97	97
Investment Income	3,009	1,775
Total Revenues	$ 5,425	$ 4,277
Expenses by Type:		
Benefits	$ 2,752	$ 2,612
Administrative Expenses	122	121
Refunds	20	19
Total Expenses	$ 2,894	$ 2,752

Source: Washington State Office of the State Actuary.

CLARENCE DANIEL MARTIN
GOVERNOR (1933-1941)

Born: June 29, 1887
Died: August 11, 1955

Clarence Martin was born in Cheney, Washington and was the first native son to become governor of the state. He was educated at the state normal school in Cheney and at the University of Washington. He served three terms as mayor of Cheney and served as Chairman of the Democratic State Central Committee before being elected governor.

The keynote of the political climate of the early 1930's was sounded by Governor Martin in his inaugural address to the legislature in January, 1933. He declared that his purpose was to "change the spirit that rules Olympia so that the people may know that the state government of Washington no longer is purely political, but primarily economic."

One of the first acts of the 1933 legislature was the creation of the Washington Emergency Relief Administration in an effort to alleviate the severity of the economic depression. Two years later this agency became the State Department of Public Welfare, marking the change from emergency relief to public assistance under the Federal Social Security Act. In 1937 further developments in the relief programs led to the creation of the Department of Public Assistance. In 1939, with the enactment of the joint state and federal unemployment compensation programs, this function was separated from the Social Security Department and set up under a separate State Office of Unemployment Compensation and Placement.

The period from 1932 to 1940 was one of great public works and was the beginning of the hydroelectric power age in Washington. Construction was begun on the Grand Coulee Dam, the Bonneville Dam, the Tacoma Narrows Bridge and the Lake Washington Floating Bridge. In 1938 the Olympic National Park was created, and throughout the thirties the state's parks and roads were upgraded with the help of the Work Project Administration.

Martin's political career did not end with his tenure as Governor. Martin continued in public service until his death in 1955.

COMBINING FINANCIAL STATEMENTS

ROLAND HILL HARTLEY
GOVERNOR (1925-1933)

Born: June 26, 1864
Died: September 21, 1952

Roland Hartley was the first state governor to serve two full four-year terms and also the first to seek a third term. In his message to the legislature in 1925, Governor Hartley expressed his belief that the state was "too much governed". He declared that the chief aim of his administration would be the reduction of the cost of government and the lightening of the burden of taxation. Throughout his two terms he maintained his position as champion of the tax payers.

In 1925, after the legislature had been in session for two weeks, Hartley made the unprecedented request that the members adjourn until fall so that he might use the intervening time to do a proper study of the needs of the state. The legislature acceded to the request and met in extraordinary session at the Governor's call on November 9.

During the last two years of Hartley's administration the severity of the nation-wide depression began to create problems in the state government which paved the way for the Democratic landslide in 1932. The legislature in 1931 sought new sources of revenue by the institution of a graduated personal income tax and a corporate income tax, both of which were vetoed by the governor. The following year an initiative measure providing for a graduated net income tax was approved by a large majority of the voters, but was declared unconstitutional by the State Supreme Court.

Hartley's term was marked by bitter wrangling between the governor and the other leaders of his party. Several of his messages to the legislature were full of invective words, directed against the elective officials whom he could not control, and the lumber and education lobbies for which he cherished a deep distrust. On the whole, however, the trend of the period was in the direction of consolidating administrative and political power in the office of governor.

GENERAL FUND

*The **General Fund** accounts for all financial resources and transactions not accounted for in another fund. The basic portion is nonrestrictive in use, whereas the restricted portion is earmarked for specific purposes.*

Schedule of Assets, Liabilities, and Fund Balance
General Fund
June 30, 1989
(expressed in thousands)

	BASIC	RESTRICTED	TOTALS JUNE 30, 1989	TOTALS JUNE 30, 1988
ASSETS:				
Cash and pooled investments	$ 560,845	$ 212,983	$ 773,828	$ 567,760
Investments	.....	928	928	983
Taxes receivable (net of allowance)	685,597	2,384	687,981	655,762
Other receivables (net of allowance)	70,602	48,441	119,043	119,009
Due from other funds	89,735	78,290	168,025	142,165
Due from other governments	193,003	38,311	231,314	163,249
Inventories	11,028	1,205	12,233	13,142
Total Assets	$ 1,610,810	$ 382,542	$ 1,993,352	$ 1,662,070
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	$ 246,359	$ 5,022	$ 251,381	$ 206,755
Contracts and retainages payable	2,908	12,258	15,166	12,049
Accrued liabilities	66,681	7,218	73,899	68,815
Due to other funds	120,046	72,599	192,645	172,892
Due to other governments	2,169	1,232	3,401	13,436
Deferred revenues	676,143	42,131	718,274	668,922
Total Liabilities	1,114,306	140,460	1,254,766	1,142,869
FUND BALANCE:				
Reserved for:				
Encumbrances	256	333	589	155,721
Inventories	11,028	1,205	12,233	13,142
Restricted accounts	.....	147,494	147,494	121,645
Other specific purposes	29,329	93,050	122,379	120,251
Unreserved:				
Undesignated	455,891	.....	455,891	108,442
Total Fund Balance	496,504	242,082	738,586	519,201
Total Liabilities and Fund Balance	$ 1,610,810	$ 382,542	$ 1,993,352	$ 1,662,070

STATE OF WASHINGTON

Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	BASIC	RESTRICTED	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	JUNE 30, 1988
REVENUES:				
Retail sales taxes	$ 2,870,813	$.....	$ 2,870,813	$ 2,629,380
Business and occupation taxes	1,000,329	.....	1,000,329	886,155
Property taxes	637,784	.....	637,784	617,741
Excise taxes	484,149	13,065	497,214	429,329
Motor vehicle and fuel taxes	.....	1,952	1,952	3,126
Other taxes	452,579	74,569	527,148	532,652
Licenses, permits, and fees	45,607	12,171	57,778	54,433
Federal grants-in-aid	1,465,931	1,564	1,467,495	1,285,122
Charges for services	206,339	746	207,085	179,353
Miscellaneous revenue	76,119	114,367	190,486	135,310
Total Revenues	7,239,650	218,434	7,458,084	6,752,601
EXPENDITURES:				
Current:				
General government	322,531	118,489	441,020	394,227
Human services	2,777,672	19,987	2,797,659	2,478,711
Natural resources and recreation	171,214	49,409	220,623	185,510
Transportation	21,383	13,230	34,613	30,460
Education	3,508,368	35,040	3,543,408	3,290,085
Capital outlays	79,387	11,648	91,035	58,680
Debt service:				
Principal	4,712	4,013	8,725	10,666
Interest	1,016	230	1,246	1,453
Total Expenditures	6,886,283	252,046	7,138,329	6,449,792
Excess of Revenues Over (Under) Expenditures	353,367	(33,612)	319,755	302,809
OTHER FINANCING SOURCES (USES):				
Operating transfers in	192,642	89,249	281,891	350,650
Operating transfers out	(348,957)	(34,305)	(383,262)	(445,177)
Capital lease acquisitions	3,627	28	3,655	6,557
Total Other Financing Sources (Uses)	(152,688)	54,972	(97,716)	(87,970)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	200,679	21,360	222,039	214,839
FUND BALANCES:				
Fund balances as restated, July 1	295,825	220,722	516,547	304,406
Residual equity transfers in	.....	.....	.....	8,801
Residual equity transfers out	.....	.....	.....	(8,845)
Fund Balances, June 30	$ 496,504	$ 242,082	$ 738,586	$ 519,201

STATE OF WASHINGTON

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
General Fund
For the Biennium Ended June 30, 1989
(expressed in thousands)

	BASIC			RESTRICTED		
	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Taxes	$10,417,407	$10,470,238	$ 52,831	$ 163,930	$ 163,385	$ (545)
Licenses, permits, and fees	96,922	88,123	(8,799)	24,848	24,087	(761)
Federal grants-in-aid	2,804,366	2,676,275	(128,091)	3,458	2,849	(609)
Charges for services	373,392	385,175	11,783	284	962	678
Miscellaneous revenue	102,908	154,083	51,175	178,370	191,830	13,460
Total Revenues	13,794,995	13,773,894	(21,101)	370,890	383,113	12,223
EXPENDITURES:						
Current:						
General government	617,415	597,531	19,884	234,054	231,576	2,478
Human services	5,380,115	5,272,697	107,418	30,613	30,338	275
Natural resources and recreation	353,421	322,847	30,574	108,926	97,814	11,112
Transportation	54,078	46,266	7,812	27,329	24,841	2,488
Education	6,877,076	6,815,278	61,798	69,698	69,547	151
Capital outlays	27,246	6,176	21,070	74,707	9,756	64,951
Total Expenditures	13,309,351	13,060,795	248,556	545,327	463,872	81,455
Excess of Revenues Over (Under) Expenditures	485,644	713,099	227,455	(174,437)	(80,759)	93,678
OTHER FINANCING SOURCES (USES):						
Operating transfers in	295,529	325,711	30,182	290,729	289,898	(831)
Operating transfers out	(742,377)	(739,228)	3,149	(73,303)	(72,281)	1,022
Total Other Financing Sources (Uses)	(446,848)	(413,517)	33,331	217,426	217,617	191
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 38,796	$ 299,582	$ 260,786	$ 42,989	$ 136,858	$ 93,869

TOTALS		
APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$10,581,337	$10,633,623	$ 52,286
121,770	112,210	(9,560)
2,807,824	2,679,124	(128,700)
373,676	386,137	12,461
281,278	345,913	64,635
14,165,885	14,157,007	(8,878)
851,469	829,107	22,362
5,410,728	5,303,035	107,693
462,347	420,661	41,686
81,407	71,107	10,300
6,946,774	6,884,825	61,949
101,953	15,932	86,021
13,854,678	13,524,667	330,011
311,207	632,340	321,133
586,258	615,609	29,351
(815,680)	(811,509)	4,171
(229,422)	(195,900)	33,522
$ 81 785	$ 436,440	$ 354,655

LOUIS FOLWELL HART
GOVERNOR (1919-1925)

Born: January 4, 1862
Died: December 5, 1929

Lieutenant Governor Hart came into office in 1919 upon the unexpected death of Governor Lister. Hart's succession returned the governorship to the dominant Republican party. After serving out the balance of Lister's term, he was elected on his own merits in 1920.

Hart's administration marks a milestone in the development of Washington State government. The multiplicity of governmental state agencies had begun to reach staggering proportions. Under the Administrative Code of 1921, more than sixty boards, bureaus, commissions and divisions were combined into ten major departments, the heads of which were made directly responsible to the governor. The ten departments were: Public Works (including a Division of Highways), Business Control, Efficiency, Taxation and Examination, Health, Conservation and Development, Labor and Industries, Agriculture, Licenses, and Fisheries and Game. The ten departments did not remain intact, however, as the legislature began to tamper with the code almost immediately.

During Governor Hart's administration the age of the family car had arrived and rapid progress was made in highway construction. Air mail routes were initiated up and down the Pacific coast in 1920 and foreign air passenger service between Seattle and Vancouver, B.C. was established. In 1921 the fight for the Grand Coulee Dam and the Columbia Irrigation Project began in earnest with a $50,000 appropriation by the legislature. Washington's unique planned city, Longview, laid out by the Long-Bell lumber interests, was founded in 1923.

On the advice of his physician, Governor Hart did not seek re-election in 1924. After completing his final term Hart retired in Tacoma, Washington.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects or expendable trust funds, that are legally restricted to expenditures for specified purposes. Washington's Special Revenue Funds are described below:

Motor Vehicle Fund revenues are generated from vehicle fuel taxes, vehicle licenses, and federal transportation agencies. This fund accounts for the following: (1) Highway activities of the Washington State Patrol; and (2) Maintenance of noninterstate highways and bridges, completion and preservation of the interstate system, and other transportation improvements.

Highway Safety Fund revenues are derived principally from motor vehicle operators. This fund accounts for activities relating to drivers' licensing, driver improvement, financial responsibility, and maintenance of driving records.

State Wildlife Fund revenues are generated primarily from hunting and fishing licenses. This fund accounts for the protection, propagation, and conservation of wild animals, wild birds, and game fish.

Common School Construction Fund revenues are obtained principally from the sale of timber and investment earnings. This fund provides financing to local school districts under the control of the State Board of Education for construction of common school facilities.

The **Central Administrative and Regulatory Fund** accounts for operating expenditures of certain administrative and regulatory agencies.

The **Human Services Fund** accounts for the following: (1) Funds provided to local governments for the construction or substantial remodeling of detention and correctional facilities, and (2) Defraying the cost of administering unemployment compensation.

The **Natural Resources Fund** primarily accounts for the planning, design, acquisition, construction, and improvement of public waste disposal and water supply facilities, and related management systems.

The **Higher Education Fund** primarily accounts for grants and contracts received for research and other educational purposes. This fund also accounts for dedicated revenue for state institutions of higher education.

STATE OF WASHINGTON

Combining Balance Sheet
Special Revenue Funds
June 30, 1989
(expressed in thousands)

	MOTOR VEHICLE	HIGHWAY SAFETY	STATE WILDLIFE	COMMON SCHOOL CONSTRUCT.	CENTRAL ADMIN. & REGULATORY
ASSETS:					
Cash and pooled investments	$ 270,605	$ 11,234	$ 12,771	$ 31,590	$ 34,056
Investments	.....	.....	552	.....	.....
Taxes receivable (net of allowance)	3,994	.....	.....	.....	757
Other receivables (net of allowance)	23,938	16	783	55,408	290
Due from other funds	83,262	970	1,252	10,310	12,105
Due from other governments	58,458	1,028	1,637	.....	26
Inventories	14,845	215	115	.....	.....
Total Assets	$ 455,102	$ 13,463	$ 17,110	$ 97,308	$ 47,234
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	$ 50,405	$ 1,671	$ 762	$ 1,813	$ 1,426
Contracts and retainages payable	14,769	341	401	30,307	.....
Accrued liabilities	9,184	927	990	.....	2,051
Due to other funds	24,958	908	413	392	1,008
Due to other governments	7,009	11	.....	.....	1
Deferred revenues	77,768	.....	704	47,287	.....
Total Liabilities	184,093	3,858	3,270	79,799	4,486
FUND BALANCES:					
Reserved for:					
Encumbrances	70	.....	1,030	.....	.....
Inventories	14,845	215	115	.....	.....
Other specific purposes	86	.....	574	.....	48
Unreserved:					
Designated for other specific purposes	.....	.....	.....	.....	.....
Undesignated	256,008	9,390	12,121	17,509	42,700
Total Fund Balances	271,009	9,605	13,840	17,509	42,748
Total Liabilities and Fund Balances	$ 455,102	$ 13,463	$ 17,110	$ 97,308	$ 47,234

HUMAN SERVICES	NATURAL RESOURCES	HIGHER EDUCATION	TOTALS JUNE 30, 1989	TOTALS JUNE 30, 1988
$ 22,125	$ 272,003	$ 122,712	$ 777,096	$ 534,669
.....	200	2,448	3,200	7,930
.....	2,617	.....	7,368	7,949
33	7,741	25,844	114,053	236,381
7,821	18,272	38,207	172,199	150,950
2,332	5,611	27,664	96,756	71,211
.....	.....	4,573	19,748	19,110
$ 32,311	$ 306,444	$ 221,448	$ 1,190,420	$ 1,028,200
$ 805	$ 5,716	$ 18,033	$ 80,631	$ 27,077
17	15,803	502	62,140	53,129
3,087	1,318	36,424	53,981	56,915
4,585	5,243	18,195	55,702	47,458
.....	25,647	501	33,169	13,177
.....	10,414	21,586	157,759	212,305
8,494	64,141	95,241	443,382	410,061
86	122,783	.....	123,969	240,086
.....	.....	4,573	19,748	19,110
23	526	3,478	4,735	9,622
.....	.....	60,501	60,501	59,521
23,708	118,994	57,655	538,085	289,800
23,817	242,303	126,207	747,038	618,139
$ 32,311	$ 306,444	$ 221,448	$ 1,190,420	$ 1,028,200

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Special Revenue Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	MOTOR VEHICLE	HIGHWAY SAFETY	STATE WILDLIFE	COMMON SCHOOL CONSTRUCTION	CENTRAL ADMIN. & REGULATORY
REVENUES:					
Motor vehicle and fuel taxes	$ 445,080	$	$	$	$
Excise taxes	45,622				
Other taxes	19		32		13,790
Licenses, permits, and fees	166,095	14,217	21,041		22,318
Federal grants-in-aid	390,589	4,006	10,733	416	45
Charges for services	127		50		17,245
Miscellaneous revenue	33,286	8,713	2,941	87,934	10,485
Total Revenues	1,080,818	26,936	34,797	88,350	63,883
EXPENDITURES:					
Current:					
General government	142,292				56,779
Human services					8,272
Natural resources and recreation	932		26,929		3,518
Transportation	405,936	23,162	169		12,032
Education				410	483
Capital outlays	409,088	2,312	2,797	85,214	1,898
Debt service:					
Principal	2,014	57	82		136
Interest	1,109	9	17		7
Total Expenditures	961,371	25,540	29,994	85,624	83,125
Excess of Revenues Over (Under) Expenditures	119,447	1,396	4,803	2,726	(19,242)
OTHER FINANCING SOURCES (USES):					
Bond sale proceeds	82,100				
Operating transfers in	6,942			7,157	32,810
Operating transfers out	(136,558)	(1,447)	(1,488)	(5,136)	(7,672)
Capital lease acquisitions			79		45
Total Other Financing Sources (Uses)	(47,516)	(1,447)	(1,409)	,021	25,183
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	71,931	(51)	3,394	4,747	5,941
FUND BALANCES:					
Fund balances as restated, July 1	199,078	9,656	10,446	12,762	36,807
Residual equity transfers in					
Residual equity transfers out					
Fund Balances, June 30	$ 271,009	$ 9,605	$ 13,840	$ 17,509	$ 42,748

HUMAN SERVICES	NATURAL RESOURCES	HIGHER EDUCATION	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
$.....	$ 6,601	$.....	$ 451,681	$ 431,960
.....	7,939	.....	53,561	46,257
.....	61,019	.....	74,860	55,073
7,457	19,084	.....	250,212	233,554
62,912	1,293	288,209	758,203	661,612
256	461	113,882	132,021	113,320
10,991	26,795	117,537	298,682	271,759
81,616	123,192	519,628	2,019,220	1,813,535
.....	173	.....	199,244	194,682
75,658	5,689	.....	89,619	80,662
418	131,175	.....	162,972	120,132
.....	324	.....	441,623	437,227
.....	.....	448,156	449,049	390,151
1,816	15,732	38,986	557,843	502,945
94	25	3,993	6,401	3,102
37	2	294	1,475	920
78,023	153,120	491,429	1,908,226	1,729,821
3,593	(29,928)	28,199	110,994	83,714
.....	75,000	.....	157,100	146,500
32	7,905	22,240	77,086	113,480
(3,137)	(1,530)	(50,438)	(207,406)	(218,349)
.....	48	5	177	323
(3,105)	81,423	(28,193)	26,957	41,954
488	51,495	6	137,951	125,668
23,329	190,808	126,144	609,030	492,284
.....	.....	188	188	727
.....	.....	(131)	(131)	(540)
$ 23,817	$ 242,303	$ 126,207	$ 747,038	$ 618,139

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual Special Revenue Funds For the Biennium Ended June 30, 1989 (expressed in thousands)

	MOTOR VEHICLE			HIGHWAY SAFETY		
	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
REVENUES:						
Taxes	$ 965,755	$ 957,453	$ (8,302)	$	$	$
Licenses, permits, and fees	317,938	323,987	6,049	29,284	28,440	(844)
Federal grants-in-aid	834,147	735,653	(98,494)	6,663	6,332	(331)
Charges for services	3,488	929	(2,559)			
Miscellaneous revenue	65,556	66,201	645	16,811	17,265	454
Total Revenues	2,186,884	2,084,223	(102,661)	52,758	52,037	(721)
EXPENDITURES:						
Current:						
General government	284,504	279,877	4,627			
Human services						
Natural resources and recreation	1,532	1,525	7			
Transportation	570,332	525,828	44,504	50,560	47,322	3,238
Education						
Capital outlays	1,217,567	1,081,482	136,085			
Total Expenditures	2,073,935	1,888,712	185,223	50,560	47,322	3,238
Excess of Revenues Over (Under) Expenditures	112,949	195,511	82,562	2,198	4,715	2,517
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds	237,000	162,600	(74,400)			
Operating transfers in	45,501	81,148	35,647			
Operating transfers out	(273,042)	(317,246)	(44,204)	(1,457)	(1,731)	(274)
Total Other Financing Sources (Uses)	9,459	(73,498)	(82,957)	(1,457)	(1,731)	(274)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 122,408	$ 122,013	$ (395)	$ 741	$ 2,984	$ 2,243

Continued

STATE WILDLIFE			COMMON SCHOOL CONSTRUCTION			CENTRAL ADMINISTRATIVE AND REGULATORY		
APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
$ 162	$ 154	$ (8)	$.....	$.....	$.....	$ 22,821	$ 25,159	$ 2,338
39,140	41,261	2,121	.....	.....	.....	39,448	41,651	2,203
28,619	17,903	(10,716)	840	634	(206)	426	108	(318)
.....	59	59	.....	.....	.....	29,399	30,305	906
3,856	5,153	1,297	158,018	172,047	14,029	20,607	20,356	(251)
71,777	64,530	(7,247)	158,858	172,681	13,823	112,701	117,579	4,878
20	20	.....	.....	.....	.....	117,495	107,821	9,674
.....	.....	.....	.....	.....	.....	16,630	10,769	5,861
55,577	53,730	1,847	.....	.....	.....	4,697	4,430	267
405	338	67	.....	.....	.....	16,324	15,405	919
.....	.....	.....	.....	.....	.....	707	552	155
17,536	2,892	14,644	259,408	173,633	85,775	.....	.....	.....
73,538	56,980	16,558	259,408	173,633	85,775	155,853	138,977	16,876
(1,761)	7,550	9,311	(100,550)	(952)	99,598	(43,152)	(21,398)	21,754
.....	.....	.....	30,000	.....	(30,000)	.....	.....	.....
.....	.....	.....	.....	15,216	15,216	41,753	43,229	1,476
(1,661)	(1,849)	(188)	(15,073)	(12,193)	2,880	(7,876)	(8,435)	(559)
(1,661)	(1,849)	(188)	14,927	3,023	(11,904)	33,877	34,794	917
$ (3,422)	$ 5,701	$ 9,123	$ (85,623)	$ 2,071	$ 87,694	$ (9,275)	$ 13,396	$ 22,671

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
Special Revenue Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	HUMAN SERVICES			NATURAL RESOURCES		
	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
REVENUES:						
Taxes	$	$	$	$ 126,798	$ 130,626	$ 3,828
Licenses, permits, and fees	14,797	14,187	(610)	35,106	34,240	(866)
Federal grants-in-aid	124,189	116,287	(7,902)	1,711	2,797	1,086
Charges for services	500	908	408	106	907	801
Miscellaneous revenue	12,127	20,348	8,221	38,161	56,068	17,907
Total Revenues	151,613	151,730	117	201,882	224,638	22,756
EXPENDITURES:						
Current:						
General government	1,172	23	1,149	286	258	28
Human services	154,199	143,367	10,832	1,094	914	180
Natural resources and recreation	911	851	60	119,655	99,398	20,257
Transportation				847	636	211
Education						
Capital outlays	4,106	2,367	1,739	470,385	164,011	306,374
Total Expenditures	160,388	146,608	13,780	592,267	265,217	327,050
Excess of Revenues Over (Under) Expenditures	(8,775)	5,122	13,897	(390,385)	(40,579)	349,806
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds				354,130	141,000	(213,130)
Operating transfers in	128	128		8,008	9,762	1,754
Operating transfers out	(4,202)	(4,302)	(100)	(262)	(2,444)	(2,182)
Total Other Financing Sources (Uses)	(4,074)	(4,174)	(100)	361,876	148,318	(213,558)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (12,849)	$ 948	$ 13,797	$ (28,509)	$ 107,739	$ 136,248

Concluded

HIGHER EDUCATION			TOTALS		
APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
$.....	$.....	$.....	$ 1,115,536	$ 1,113,392	$ (2,144)
.....	.....	.....	475,713	483,766	8,053
517,253	540,103	22,850	1,513,848	1,419,817	(94,031)
178,220	212,231	34,011	211,713	245,339	33,626
180,236	213,378	33,142	495,372	570,816	75,444
875,709	965,712	90,003	3,812,182	3,833,130	20,948
.....	.....	.....	403,477	387,999	15,478
.....	.....	.....	171,923	155,050	16,873
.....	.....	.....	182,372	159,934	22,438
.....	.....	.....	638,468	589,529	48,939
876,008	906,390	(30,382)	876,715	906,942	(30,227)
6,000	5,298	702	1,975,002	1,429,683	545,319
882,008	911,688	(29,680)	4,247,957	3,629,137	618,820
(6,299)	54,024	60,323	(435,775)	203,993	639,768
.....	.....	.....	621,130	303,600	(317,530)
18,493	40,047	21,554	113,883	189,530	75,647
(17,226)	(76,503)	(59,277)	(320,799)	(424,703)	(103,904)
1,267	(36,456)	(37,723)	414,214	68,427	(345,787)
$ (5,032)	$ 17,568	$ 22,600	$ (21,561)	$ 272,420	$ 293,981

ERNEST LISTER
GOVERNOR (1913-1919)

Born: June 15, 1870
Died: June 14, 1919

Ernest Lister was born in Halifax, England. His family came to Tacoma in 1884 where his uncle, David Lister, had been the first mayor. After a business college education, Lister became an iron molder, and consequently became active in the affairs of the Iron Worker's Union, eventually being elected a delegate to the union's national convention. At the age of twenty-three he became a member of the Tacoma City Council and four years later he was appointed by Governor Rogers to the chairmanship of the State Board of Control, created by the 1897 legislature. At the time of election Lister was a successful Tacoma businessman operating the Lister Manufacturing Company.

Ernest Lister's two elections to the governorship were both tremendous personal victories. Among state officers elected in 1912 and 1916, Lister was the only Democratic candidate elected.

During Governor Lister's administration there was further expansion of governmental activities and a resulting increase in state agencies. Lister urged that an educational survey be made to cut costs and increase the efficiency of state institutions. He promoted the building of better roads and supported measures to facilitate rural credit.

Strides were taken to insure a stronger economy during Lister's term, including the opening of a new Snoqualmie Pass highway in 1915, and the Lake Washington ship canal in 1917, giving Seattle the finest combined salt and fresh-water harbor in the world. With Governor Lister's encouragement the state legislature set up the Columbia Basin Commission to investigate and promote the irrigation and hydroelectric potential of the Columbia River. During Lister's last year in office, the state's commercial and industrial growing pains resulted in labor problems which culminated in a general strike. He died in June of 1919, halfway through his second term as governor.

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. A brief description of each Debt Service Fund follows:

The **General Obligation Bond Fund** is used for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

Transportation Bond Fund revenue is derived principally from the motor vehicle fuel tax. This fund accounts for the accumulation of resources and payment of highway and ferry bond principal and interest.

STATE OF WASHINGTON

Combining Balance Sheet
Debt Service Funds
June 30, 1989
(expressed in thousands)

	GENERAL OBLIGATION BOND	TRANSPORTATION BOND	TOTALS JUNE 30, 1989	TOTALS JUNE 30, 1988
ASSETS:				
Cash and pooled investments	$ 32,670	$ 47,824	$ 80,494	$ 85,529
Investments				
Other receivables (net of allowance)	139	48	187	570
Due from other funds	6,448	2,450	8,898	7,363
Total Assets	$ 39,257	$ 50,322	$ 89,579	$ 93,462
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Contracts and retainages payable	$ 979	$	$ 979	$ 1,372
Accrued liabilities	263	249	512	6
Due to other funds	96		96	6,641
Total Liabilities	1,338	249	1,587	8,019
FUND BALANCES:				
Unreserved:				
Designated for debt service	37,919	50,073	87,992	85,443
Total Fund Balances	37,919	50,073	87,992	85,443
Total Liabilities and Fund Balances	$ 39,257	$ 50,322	$ 89,579	$ 93,462

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Debt Service Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	GENERAL OBLIGATION BOND	TRANSPORTATION BOND	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
REVENUES:				
Federal grants-in-aid	$ 164	$.....	$ 164	$ 164
Miscellaneous revenue	9,129	2,451	11,580	10,121
Total Revenues	9,293	2,451	11,744	10,285
EXPENDITURES:				
Debt service:				
Principal	90,885	38,035	128,920	112,129
Interest	165,863	57,451	223,314	215,537
Total Expenditures	256,748	95,486	352,234	327,666
Excess of Revenues Over (Under) Expenditures	(247,455)	(93,035)	(340,490)	(317,381)
OTHER FINANCING SOURCES (USES):				
Proceeds of refunding bonds	352,393	31,309	383,702	.....
Payment to refunded bond escrow agent	(352,393)	(31,309)	(383,702)	.....
Operating transfers in	301,834	94,885	396,719	370,401
Operating transfers out	(53,680)	.....	(53,680)	(35,811)
Total Other Financing Sources (Uses)	248,154	94,885	343,039	334,590
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	699	1,850	2,549	17,209
FUND BALANCES:				
Fund balances as restated, July 1	37,220	48,223	85,443	68,234
Residual equity transfers in	.....	.....	.....	.....
Residual equity transfers out	.....	.....	.....	.....
Fund Balances, June 30	$ 37,919	$ 50,073	$ 87,992	$ 85,443

STATE OF WASHINGTON

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
Debt Service Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	GENERAL OBLIGATION BOND			TRANSPORTATION BOND		
	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE
REVENUES:						
Federal grants-in-aid	$	$ 328	$ 328	$	$	$
Miscellaneous revenue	45,817	17,375	(28,442)	3,080	4,326	1,246
Total Revenues	45,817	17,703	(28,114)	3,080	4,326	1,246
EXPENDITURES:						
Debt service	506,329	494,795	11,534	185,144	185,104	40
Total Expenditures	506,329	494,795	11,534	185,144	185,104	40
Excess of Revenues Over (Under) Expenditures	(460,512)	(477,092)	(16,580)	(182,064)	(180,778)	1,286
OTHER FINANCING SOURCES (USES):						
Proceeds of refunding bonds		352,393	352,393		31,309	31,309
Payment to refunded bond escrow agent		(352,393)	(352,393)		(31,309)	(31,309)
Operating transfers in	497,666	541,191	43,525	203,168	193,696	(9,472)
Operating transfers out	(31,712)	(57,259)	(25,547)			
Total Other Financing Sources (Uses)	465,954	483,932	17,978	203,168	193,696	(9,472)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 5,442	$ 6,840	$ 1,398	$ 21,104	$ 12,918	$ (8,186)

TOTALS		
APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$.....	$ 328	$ 328
48,897	21,701	(27,196)
48,897	22,029	(26,868)
691,473	679,899	11,574
691,473	679,899	11,574
(642,576)	(657,870)	(15,294)
.....	383,702	383,702
.....	(383,702)	(383,702)
700,834	734,887	34,053
(31,712)	(57,259)	(25,547)
669,122	677,628	8,506
$ 26,546	$ 19,758	$ (6,788)

MARION E. HAY
GOVERNOR (1909-1913)

Born: December 9, 1865
Died: November 21, 1933

Lieutenant Governor Marion E. Hay succeeded to the governorship upon the death of Samuel G. Cosgrove on March 28, 1909. Hay had been acting governor since the day of Cosgrove's inauguration, so the transition was not difficult.

The political tenor of the state had been steadily becoming more progressive for several years and during Governor Hay's administration the Republican legislature passed a number of measures for which the progressives had been agitating. The most notable measure passed by the 1909 session was the proposed constitutional amendment which provided for women's suffrage and was adopted by the voters at the 1910 general election. Among the other measures enacted in 1909 were: a new criminal code, taken largely from the New York and Minnesota codes; an act regulating insurance sales; diking and drainage district regulations; the creation of a fireman's relief and pension fund; the regulation and registration of nurses; and the regulation of the practice of optometry. The 1909 statutes ran to more than 1,000 pages, a greater volume of laws than created by any previous session.

Two constitutional amendments were proposed by the 1911 session and adopted in the general election of 1912. These provided for direct legislation via Initiative and Referendum Petitions and for the recall of any elected state officer except judges of courts of record. Another important act of the 1911 session was the passage of a bill creating the first monopolistic state insurance fund in the United States and providing for a State Industrial Insurance Commission to administer the act.

After serving his term as governor, Hay settled in Spokane where he resumed his previous profession in general merchandising.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources to be used for acquisition, construction, or improvement of major capital facilities (other than those financed by Proprietary Funds and similar trust funds). A brief description of Washington's Capital Projects Funds follows:

The **State Facilities Fund** accounts for the construction and remodeling of public buildings.

The **Higher Education Facilities Fund** accounts for the acquisition, construction, and remodeling of higher education facilities.

STATE OF WASHINGTON

Combining Balance Sheet
Capital Projects Funds
June 30, 1989
(expressed in thousands)

	STATE FACILITIES	HIGHER EDUCATION FACILITIES	TOTALS JUNE 30, 1989	TOTALS JUNE 30, 1988
ASSETS:				
Cash and pooled investments	$ 5,388	$ 47,174	$ 52,562	$ 32,192
Investments	.....	125	125	169
Other receivables (net of allowance)	5,125	33	5,158	111,397
Due from other funds	11,835	2,290	14,125	7,935
Due from other governments	18	.....	18	340
Total Assets	$ 22,366	$ 49,622	$ 71,988	$ 152,033
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	$ 5,547	$ 3,855	$ 9,402	$ 6,944
Contracts and retainages payable	4,336	3,027	7,363	6,710
Accrued liabilities	236	16	252	275
Due to other funds	13,584	12,566	26,150	11,831
Due to other governments	86	.....	86	83
Deferred revenues	4,391	.....	4,391	862
Total Liabilities	28,180	19,464	47,644	26,705
FUND BALANCES:				
Reserved for:				
Encumbrances	.....	4,997	4,997	83,391
Other specific purposes	25	125	150	195
Unreserved:				
Designated for other specific purposes	(5,839)	25,036	19,197	41,742
Total Fund Balances	(5,814)	30,158	24,344	125,328
Total Liabilities and Fund Balances	$ 22,366	$ 49,622	$ 71,988	$ 152,033

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	STATE FACILITIES	HIGHER EDUCATION FACILITIES	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
REVENUES:				
Federal grants-in-aid	$ 2	$	$ 2	$
Charges for services		14,540	14,540	14,699
Miscellaneous revenue	9,471	1,739	11,210	7,523
Total Revenues	9,473	16,279	25,752	22,222
EXPENDITURES:				
Current:				
General government	1,425	59	1,484	[illegible]
Human services	6,644		6,644	7,040
Natural resources and recreation	4,369		4,369	21,227
Transportation	278		278	407
Education	9,771	7,649	17,420	10,521
Capital outlays	131,946	58,411	190,357	143,887
Debt service:				
Principal	1	356	357	307
Interest	3	333	336	95
Total Expenditures	154,437	66,808	221,245	184,320
Excess of Revenues Over (Under) Expenditures	(144,964)	(50,529)	(195,493)	(162,098)
OTHER FINANCING SOURCES (USES):				
Bond sale proceeds	50,887	22,000	72,887	224,050
Note proceeds		5,732	5,732	
Operating transfers in	442	47,958	48,400	31,613
Operating transfers out	(1,584)	(30,926)	(32,510)	(25,765)
Capital lease acquisitions				
Total Other Financing Sources (Uses)	49,745	44,764	94,509	229,898
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(95,219)	(5,765)	(100,984)	67,800
FUND BALANCES:				
Fund balances as restated, July 1	89,405	35,923	125,328	57,529
Residual equity transfers in				
Residual equity transfers out				(1)
Fund Balances, June 30	$ (5,814)	$ 30,158	$ 24,344	$ 125,328

STATE OF WASHINGTON

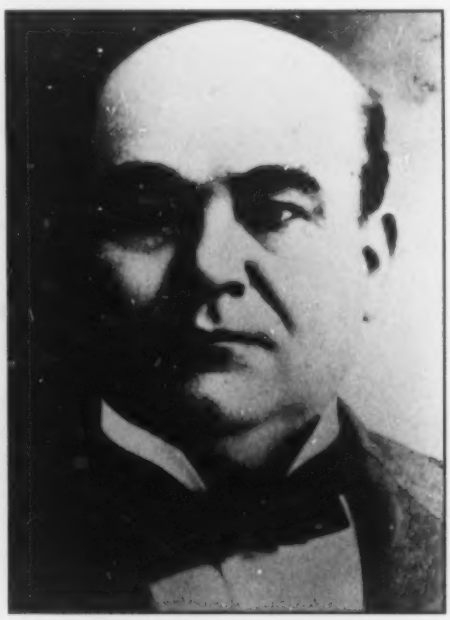
Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual
Capital Projects Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	STATE FACILITIES			HIGHER EDUCATION FACILITIES		
	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Federal grants-in-aid	$ 2	$ 2	$	$	$	$
Charges for services				29,313	29,509	196
Miscellaneous revenue	12,169	14,807	2,638	2,154	3,656	1,502
Total Revenues	12,171	14,809	2,638	31,467	33,165	1,698
EXPENDITURES:						
Current:						
General government	678	453	225	121	93	28
Capital outlays	483,264	273,959	209,305	190,054	131,061	58,993
Total Expenditures	483,942	274,412	209,530	190,175	131,154	59,021
Excess of Revenues Over (Under) Expenditures	(471,771)	(259,603)	212,168	(158,708)	(97,989)	60,719
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds	442,500	218,937	(223,563)	90,200	78,000	(12,200)
Note proceeds					5,732	5,732
Operating transfers in		477	477	35,586	73,642	38,056
Operating transfers out	(1,660)	(2,485)	(825)	(47,652)	(49,895)	(2,243)
Total Other Financing Sources (Uses)	440,840	216,929	(223,911)	78,134	107,479	29,345
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (30,931)	$ (42,674)	$ (11,743)	$ (80,574)	$ 9,490	$ 90,064

TOTALS		
APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$ 2	$ 2	$.....
29,313	29,509	196
14,323	18,463	4,140
43,638	47,974	4,336
799	546	253
673,318	405,020	268,298
674,117	405,566	268,551
(630,479)	(357,592)	272,887
532,700	296,937	(235,763)
.....	5,732	5,732
35,586	74,119	38,533
(49,312)	(52,380)	(3,068)
518,974	324,408	(194,566)
$ (111,505)	$ (33,184)	$ 78,321

SAMUEL GOODLOVE COSGROVE GOVERNOR (1909)

Born: April 10, 1847
Died: March 28, 1909



Samuel G. Cosgrove was Washington's "Governor for a Day". He was a very ill man when he was inaugurated on January 27, 1909. At the close of his inaugural message to the legislature he asked for a leave of absence so that he might "go in search of health" before assuming his duties. The request was granted and he left the next day for southern California where he died of Bright's disease on March 28.

Cosgrove threw all his energies into the primary campaign and stomped the state from one end to the other to win the nomination. As this was the first such campaign in the state, possibly it was more strenuously fought than later primaries. According to historian Edward S. Meany, the direct primary was largely responsible for Cosgrove's death.

From the time that Cosgrove arrived in Pomeroy, county seat of Garfield in 1882, he worked steadily and with unfailing good humor to rise in Republican politics. He was five times elected mayor of Pomeroy and by 1900 had become so well known in Republican circles that the party managers selected him as a presidential elector and repeated this choice in 1904. By 1908, Cosgrove had made a comfortable fortune as a lawyer and wheat rancher and was well able to afford the expenses of the primary and general election campaigns. Before his election as governor, Cosgrove served on the board of Regents of the University of Washington, and he was a delegate to the 1889 Constitutional Convention.

ENTERPRISE FUNDS

Enterprise Funds account for the following: (1) State operations that are financed and operated in a manner similar to private business enterprises where the state's intent is that the cost of providing goods and/or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) State operations where a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. A brief description of each Enterprise Fund follows:

The **Liquor Fund** is used to account for the operation of state liquor stores and warehouses, administrative costs, and distribution of net proceeds.

The **Workers' Compensation Fund** is used to account for the workers' compensation program which provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.

The **Convention and Trade Fund** is used to account for the acquisition, design, construction, promotion, and operation of the State Convention and Trade Center.

The **Lottery Fund** is used to account for lottery ticket revenues, administrative and operating expenses of the Lottery Commission, and the distribution of revenue to the General Fund.

The **Institutional Fund** accounts for the enterprise activities (industries) carried out through vocational/education programs at the correctional institutions.

The **State Ferry and Toll Fund** is used to account for all revenue and payment of all operating costs of the state ferry system, to allocate financial resources to certain accounts required to be maintained by bond resolution or statute, and to account for the revenues, maintenance, and operations of the Spokane River Toll Bridge.

The **Student Services Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, and food service business enterprise activities.

The **Other Activities Fund** accounts for the following: (1) The operation of computer systems for legislative information and a statewide library network, and (2) The production and sale of statute law publications and official reports.

STATE OF WASHINGTON

Combining Balance Sheet
Enterprise Funds
June 30, 1989
(expressed in thousands)

	LIQUOR	WORKERS' COMPENSATION	CONVENTION AND TRADE	LOTTERY	INSTITUTIONAL
ASSETS:					
CURRENT ASSETS:					
Cash and pooled investments	$ 6,578	$ 16,645	$ 7,737	$ 23,974	$ 1,045
Taxes receivable (net of allowance)	2,771	.....	.....	.....	.....
Other receivables (net of allowance)	239	246,474	281	2,434	51
Due from other funds	900	12,276	1,363	4,010	1,623
Due from other governments	202	1,336	.....	.....	209
Inventories	34,889	165	.....	597	2,599
Prepaid expenses	1	.....	207	47	1
Total Current Assets	45,580	276,896	9,588	31,062	5,528
OTHER ASSETS:					
Investments, noncurrent	.....	3,451,896	.....	127,128	.....
Other nonfixed assets	.....	.....	.....	.....	.....
Total Other Assets	.....	3,451,896	.....	127,128	.....
FIXED ASSETS:					
Land	177	.....	15,644	.....	.....
Buildings	1,858	2,761	159,681	.....	574
Other improvements and miscellaneous	134	227	.....	275	590
Furnishings and equipment	9,077	16,992	5,464	2,826	3,264
Accumulated depreciation	(6,900)	(5,928)	(3,881)	(1,443)	(2,170)
Construction in progress	.....	.....	2,321	.....	51
Total Fixed Assets	4,346	14,052	179,229	1,658	2,309
Total Assets	$ 49,926	$ 3,742,844	$ 188,817	$ 159,848	$ 7,837
LIABILITIES AND FUND EQUITY:					
CURRENT LIABILITIES:					
Accounts payable	$ 11,163	$ 10,877	$ 1,088	$ 813	$ 1,896
Contracts and retainages payable	.....	27,213	753	.....	26
Accrued liabilities	3,946	6,750	3,423	18,341	374
Matured bonds payable	.....	.....	2,545	.....	.....
Due to other funds	7,159	3,606	10,039	9,669	93
Due to other governments	.....	.....	.....	.....	8
Deferred revenues	186	.....	.....	.....	.....
Current workers' comp benefits payable	.....	517,728	.....	.....	.....
Total Current Liabilities	22,454	566,174	17,848	28,823	2,397
LONG-TERM LIABILITIES:					
Long-term workers' comp benefits payable	.....	2,915,359	.....	.....	.....
Bonds payable	.....	.....	130,770	.....	.....
Other long-term obligations	.....	2,093	7	128,089	46
Total Long-Term Liabilities	.....	2,917,452	130,777	128,089	46
Total Liabilities	22,454	3,483,626	148,625	156,912	2,443
FUND EQUITY:					
Unrealized gain on investments	.....	97,668	.....	.....	.....
Contributed capital	.....	22	.....	.....	2,975
Retained earnings:					
Reserved	.....	.....	.....	.....	.....
Unreserved	27,472	161,528	40,192	2,936	2,419
Total Fund Equity	27,472	259,218	40,192	2,936	5,394
Total Liabilities and Fund Equity	$ 49,926	$ 3,742,844	$ 188,817	$ 159,848	$ 7,837

STATE FERRY AND TOLL	STUDENT SERVICES	OTHER ACTIVITIES	TOTALS JUNE 30, 1989	TOTALS JUNE 30, 1988
$ 18,027	$ 85,491	$ 4,640	$ 164,137	$ 141,783
.....	.....	.....	2,771	2,089
1,372	23,983	537	275,371	289,295
904	7,066	456	28,598	39,004
.....	13,790	478	16,015	12,916
4,437	12,771	114	55,572	60,813
689	1,514	10	2,469	1,901
25,429	144,615	6,235	544,933	547,801
.....	19,511	170	3,598,705	3,171,576
16	259	.....	275	2,441
16	19,770	170	3,598,980	3,174,017
6,877	769	.....	23,467	14,904
70,291	426,611	2	661,778	469,780
127,793	10,663	.....	139,682	137,882
274,414	70,807	6,857	389,701	362,522
(99,357)	(167,242)	(5,421)	(292,342)	(263,021)
.....	16,600	.....	18,972	185,510
380,018	358,208	1,438	941,258	907,577
$ 405,463	$ 522,593	$ 7,843	$ 5,085,171	$ 4,629,395
$ 2,670	$ 10,926	$ 16	$ 39,449	$ 34,541
1,293	2,236	158	31,679	29,854
8,513	14,584	400	56,331	56,073
1,485	7,262	.....	11,292	8,122
55,665	2,960	111	89,302	113,309
1	3,110	.....	3,119	4,202
4	12,348	289	12,827	15,374
.....	.....	.....	517,728	435,424
69,631	53,426	974	761,727	696,899
.....	.....	.....	2,915,359	2,721,101
18,705	165,997	.....	315,472	313,864
.....	12,283	60	142,578	98,235
18,705	178,280	60	3,373,409	3,133,200
88,336	231,706	1,034	4,135,136	3,830,099
.....	.....	.....	97,668	945
426,784	9,009	581	439,371	421,865
.....	.....	.....	.....	5,492
(109,657)	281,878	6,228	412,996	370,994
317,127	290,887	6,809	950,035	799,296
$ 405,463	$ 522,593	$ 7,843	$ 5,085,171	$ 4,629,395

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity
Enterprise Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	LIQUOR	WORKERS' COMPENSATION	CONVENTION AND TRADE	LOTTERY	INSTITUTIONAL
OPERATING REVENUES:					
Sales	$ 224,325	$	$	$	$ 12,516
Less: Cost of goods sold	156,256				9,878
Gross profit (loss)	68,069				2,638
Charges for services		1,378	2,430		
Workers' compensation contributions		646,099			
Lottery ticket proceeds				255,411	
Miscellaneous revenue	33,458	3,188	10,224	14	2,300
Total Operating Revenues	101,527	650,665	12,654	255,425	4,938
OPERATING EXPENSES:					
Salaries and wages	25,382	48,431	2,024	3,641	2,383
Personal services	91	4,027	1,545	10,519	
Goods and services	11,062	24,391	1,660	16,234	882
Travel	213	2,158	11	425	30
Employee benefits	5,747	10,851	676	897	554
Workers' compensation benefits		810,290			
Lottery prize payments				117,688	
Depreciation and amortization	777	2,093	3,720	335	24
Miscellaneous expenses	1,847	11,637	709	385	5
Total Operating Expenses	45,119	913,878	10,345	150,124	3,878
Operating Income (Loss)	56,408	(263,213)	2,309	105,301	1,060
NONOPERATING REVENUES (EXPENSES):					
Other revenue (expenses)	10	(176)		1	2
Interest income	897	288,742	948	1,065	2
Interest expense		(2)	(9,205)		(7)
Liquor profits distributed to local governments	(23,250)				
Total Nonoperating Revenues (Expenses)	(22,343)	288,564	(8,257)	1,066	(3)
Income (Loss) Before Operating Transfers	34,065	25,351	(5,948)	106,367	1,057
OPERATING TRANSFERS:					
Operating transfers in	71,153	90,652	4,961	35,443	15
Operating transfers out	(104,609)	(86,728)	(4,961)	(139,606)	(249)
Net operating transfers in (out)	(33,456)	3,924		(104,163)	(234)
Net Income (loss) before extraordinary item	609	29,275	(5,948)	2,204	823
EXTRAORDINARY ITEMS:					
Bond refunding gain (loss)			(9,688)		
NET INCOME (LOSS)	609	29,275	(15,636)	2,204	823
FUND EQUITY:					
Fund equity as restated, July 1	26,863	133,220	55,828	732	4,566
Residual equity transfers out					
Unrealized gain (loss) on investments		96,723			
Return of Contributed of capital					5
Fund Equity, June 30	$ 27,472	$ 259,218	$ 40,192	$ 2,936	$ 5,394

STATE FERRY AND TOLL	STUDENT SERVICES	OTHER ACTIVITIES	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
$.....	$ 49,051	$ 168	$ 286,060	$ 277,167
.....	31,476	265	197,875	195,552
.....	17,575	(97)	88,185	81,615
54,788	240,972	5,645	305,213	291,401
.....	.....	.....	646,099	606,234
.....	.....	.....	255,411	214,048
.....	41,864	156	91,204	107,981
54,788	300,411	5,704	1,386,112	1,301,279
45,081	117,991	2,824	247,757	231,276
336	1,883	222	18,623	20,395
22,674	111,460	3,370	191,733	181,450
558	4,924	99	8,418	8,133
9,135	25,110	601	53,571	46,086
.....	.....	.....	810,290	867,958
.....	.....	.....	117,688	102,597
11,253	16,047	305	34,554	30,991
421	10,277	444	25,725	12,009
89,458	287,692	7,865	1,508,359	1,500,895
(34,670)	12,719	(2,161)	(122,247)	(199,616)
(10)	2,032	.....	1,859	(128)
2,013	7,532	306	301,505	285,215
(846)	(11,320)	(17)	(21,397)	(12,981)
.....	.....	.....	(23,250)	(21,870)
1,157	(1,756)	289	258,717	250,236
(33,513)	10,963	(1,872)	136,470	50,620
103,918	35,802	2,280	344,224	321,801
(82,057)	(20,267)	(205)	(438,682)	(423,985)
21,861	15,535	2,075	(94,458)	(102,184)
(11,652)	26,498	203	42,012	(51,564)
.....	(4,652)	.....	(14,340)	.....
(11,652)	21,846	203	27,672	(51,564)
303,498	267,633	6,606	798,946	866,187
.....		.....	.....	(3,488)
.....	.....	.....	96,723	(51,446)
25,281	1,408	.....	26,694	39,607
$ 317,127	$ 290,887	$ 6,809	$ 950,035	$ 799,296

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position
Enterprise Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	LIQUOR	WORKERS' COMPENSATION	CONVENTION AND TRADE	LOTTERY	INSTITUTIONAL
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
Net income (loss) before extraordinary item	$ 609	$ 29,275	$ (5,948)	$ 2,204	$ 823
Items not requiring working capital in the current period:					
Depreciation and amortization	777	2,093	3,720	335	24
Amortization of premiums/discounts on investments	.....	12,423	.....	.....	.....
Working Capital Provided by Operations Before Extraordinary Items	1,386	43,791	(2,228)	2,539	847
Extraordinary bond refunding loss	.....	.....	(9,688)	.....	.....
Working Capital Provided by Operations and Extraordinary Items	1,386	43,791	(11,916)	2,539	847
OTHER SOURCES:					
Sales of noncurrent investments	.....	6,937,777	.....	9,322	.....
Disposal of fixed assets	351	5,651	.....	118	52
Disposal of other nonfixed assets	.....	.....	2,200	.....	.....
Increase in long-term workers' comp	.....	194,258	.....	.....	.....
Proceeds from sale of bonds payable	.....	.....	91,095	.....	.....
Proceeds from other long-term oblig	.....	1,191	296	46,588	3
Unrealized gain on investments	.....	96,723	.....	.....	.....
Contributions of capital	.....	.....	.....	.....	5
Fund equity transfers in	.....	.....	.....	.....	.....
Total Sources of Working Capital	1,737	7,279,391	81,675	58,567	907
USES OF WORKING CAPITAL:					
Purchases of noncurrent investments	.....	7,329,984	.....	54,948	.....
Acquisitions of fixed assets	1,998	6,343	16,055	1,094	515
Acquisitions of other nonfixed assets	.....	.....	.....	.....	.....
Retirement of long-term bonds payable	.....	.....	89,091	.....	.....
Repayment of other long-term oblig	.....	188	997	.....	6
Unrealized loss on investments	.....	.....	.....	.....	.....
Fund equity transfers out	.....	.....	.....	.....	.....
Total Uses of Working Capital	1,998	7,336,515	106,143	56,042	521
Net Increase (Decrease) in Working Capital	$ (261)	$ (57,124)	$ (24,468)	$ 2,525	$ 386
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash and pooled investments	$ 120	$ 12,270	$ 5,581	$ 522	$ 399
Receivables (net of allowance)	699	8,912	(24,381)	(1,454)	(7)
Due from other funds	329	9,248	(24,707)	261	689
Due from other governments	166	1,130	.....	.....	30
Inventories	(5,829)	(89)	.....	348	(491)
Prepaid expenses	(8)	.....	31	44	(2)
Accounts payable	1,953	(4,147)	735	883	(438)
Contracts and retainages payable	.....	(2,090)	(206)	.....	.....
Accrued liabilities	(1,015)	43	920	2,136	(94)
Matured bonds payable	.....	.....	(2,545)	.....	.....
Due to other funds	(375)	(97)	20,104	(215)	232
Due to other governments	.....	.....	.....	.....	68
Deferred revenue	3,699	.....	.....	.....	.....
Current workers' compensation benefits payable	.....	(82,304)	.....	.....	.....
Net Increase (Decrease) in Working Capital	$ (261)	$ (57,124)	$ (24,468)	$ 2,525	$ 386

STATE FERRY AND TOLL	STUDENT SERVICES	OTHER ACTIVITIES	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
$ (11,652)	$ 26,498	$ 203	$ 42,012	$ (51,564)
11,253	16,047	305	34,554	30,991
.....	.....	.....	12,423	18,365
(399)	42,545	508	88,989	(2,208)
.....	(4,652)	.....	(14,340)	.....
(399)	37,893	508	74,649	(2,208)
.....	1,878	.....	6,948,977	3,375,900
637	39,798	411	47,018	45,221
.....	22	.....	2,222	5,556
.....	.....	.....	194,258	362,630
.....	16,335	.....	107,430	30,565
.....	2,654	78	50,810	50,341
.....	.....	.....	96,723	.....
25,281	1,408	.....	26,694	36,574
.....	.....	.....	.....	3,033
25,519	99,988	997	7,548,781	3,907,612
.....	3,594	.....	7,388,526	3,700,871
26,020	62,838	366	115,229	157,517
.....	81	.....	81	570
1,485	15,247	.....	105,823	8,122
.....	5,258	19	6,468	16,516
.....	.....	.....	.....	51,446
.....	.....	.....	.....	3,488
27,505	87,018	385	7,616,127	3,938,530
$ (1,986)	$ 12,970	$ 612	$ (67,346)	$ (30,918)
$ (6,644)	$ 9,791	$ 315	$ 22,354	$ 34,110
124	2,614	251	(13,242)	12,479
211	3,459	104	(10,406)	9,212
.....	1,683	90	3,099	11,126
(113)	1,037	(104)	(5,241)	386
502	2	(1)	568	290
(294)	(3,616)	16	(4,908)	(8,421)
(159)	609	21	(1,825)	4,885
(1,636)	(238)	(24)	92	(10,043)
(60)	(565)	.....	(3,170)	(492)
6,083	(1,791)	66	24,007	(45,983)
.....	1,015	.....	1,083	(4,195)
.....	(1,030)	(122)	2,547	1,695
.....	.....	.....	(82,304)	(35,967)
$ (1,986)	$ 12,970	$ 612	$ (67,346)	$ (30,918)

STATE OF WASHINGTON

Combining Schedule of Revenues and Expenses
Budget and Actual
Enterprise Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	LIQUOR			WORKERS' COMPENSATION		
	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:						
Sales	$ 436,576	$ 444,744	$ 8,168	$	$	$ .....
Charges for services	.....	.....	.....	.....	1,406	1,406
Workers' compensation contributions	.....	.....	.....	1,222,650	1,252,333	29,683
Lottery ticket proceeds	.....	.....	.....	.....	.....	.....
Miscellaneous revenues	62,068	63,239	1,171	10,043	14,353	4,310
Total Operating Revenues	498,644	507,983	9,339	1,232,693	1,268,092	35,399
EXPENSES:						
Allotted expenses	132,897	131,307	1,590	196,859	181,911	14,948
Nonallotted expenses (adjustments)	311,427	313,427	(2,000)	1,653,381	1,692,903	(39,522)
Total Expenses	444,324	444,734	(410)	1,850,240	1,874,814	(24,574)
Net Operating Revenues Over (Under) Expenses	54,320	63,249	8,929	(617,547)	(606,722)	10,825
NONOPERATING REVENUES:						
Other revenue (loss)	.....	22	22	.....	(124)	(124)
Interest income	1,430	1,457	27	602,227	565,475	(36,752)
Bond refunding gain (loss)	.....	.....	.....	.....	.....	.....
Total Nonoperating Revenues	1,430	1,479	49	602,227	565,351	(36,876)
Income (Loss) Before Operating Transfers	55,750	64,728	8,978	(15,320)	(41,371)	(26,051)
OPERATING TRANSFERS:						
Operating transfers in		131,696			161,890	
Operating transfers out		(193,726)			(152,496)	
Net Operating Transfers In (Out)	(60,536)	(62,030)	(1,494)	(5,218)	9,394	14,612
NET INCOME (LOSS)	$ (4,786)	$ 2,698	$ 7,484	$ (20,538)	$ (31,977)	$ (11,439)

CONVENTION AND TRADE			LOTTERY			INSTITUTIONAL		
ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$.....	$.....	$.....	$.....	$.....	$.....	$ 25,788	$ 25,410	$ (378)
1,526	2,430	904	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	472,710	469,459	(3,251)	.....	.....	.....
19,076	17,191	(1,885)	.....	14	14	2,066	3,333	1,267
20,602	19,621	(981)	472,710	469,473	(3,237)	27,854	28,743	889
113,355	80,522	32,833	254,721	284,278	(29,557)	.....	.....	.....
(102,429)	(58,210)	(44,219)	(1,500)	(711)	(789)	27,650	27,588	62
10,926	22,312	(11,386)	253,221	283,567	(30,346)	27,650	27,588	62
9,676	(2,691)	(12,367)	219,489	185,906	(33,583)	204	1,155	951
.....	.....	.....	.....	8	8	.....	2	2
2,800	1,013	(1,787)	1,125	1,515	390	.....	2	2
.....	(9,688)	(9,688)	.....	.....	.....	.....	.....	.....
2,800	(8,675)	(11,475)	1,125	1,523	398	.....	4	4
12,476	(11,366)	(23,842)	220,614	187,429	(33,185)	204	1,159	955
	8,922			86,877			1,023	
	(8,922)			(273,876)			(1,522)	
4,961	.....	(4,961)	(182,250)	(186,999)	(4,749)	(532)	(499)	33
$ 17,437	$ (11,366)	$ (28,803)	$ 38,364	$ 430	$ (37,934)	$ (328)	$ 660	$ 988

STATE OF WASHINGTON

Combining Schedule of Revenues and Expenses
Budget and Actual
Enterprise Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	STATE FERRY AND TOLL			STUDENT SERVICES		
	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:						
Sales	$	$	$	$ 88,569	$ 92,871	$ 4,302
Charges for services	114,455	114,308	(147)	468,150	469,666	1,516
Workers' compensation contributions						
Lottery ticket proceeds						
Miscellaneous revenues	14,894	13,661	(1,233)	75,915	82,315	6,400
Total Operating Revenues	129,349	127,969	(1,380)	632,634	644,852	12,218
EXPENSES:						
Allotted expenses	152,762	151,524	1,238	250,879	242,888	7,991
Nonallotted expenses (adjustment)	26,706	25,878	828	394,324	392,539	1,785
Total Expenses	179,468	177,402	2,066	645,203	635,427	9,776
Net Operating Revenues Over (Under) Expenses	(50,119)	(49,433)	686	(12,569)	9,425	21,994
NONOPERATING REVENUES:						
Other revenue (loss)	173	75	(98)	2,000	1,749	(251)
Interest income	1,722	2,857	1,135	12,600	13,817	1,217
Bond refunding gain (loss)					(4,653)	(4,653)
Total Nonoperating Revenues	1,895	2,932	1,037	14,600	10,913	(3,687)
Income (Loss) Before Operating Transfers	(48,224)	(46,501)	1,723	2,031	20,338	18,307
OPERATING TRANSFERS:						
Operating transfers in		179,229			75,357	
Operating transfers out		(157,368)			(59,090)	
Net Operating Transfers In (Out)	22,000	21,861	(139)		16,267	16,267
NET INCOME (LOSS)	$ (26,224)	$ (24,640)	$ 1,584	$ 2,031	$ 36,605	$ 34,574

OTHER ACTIVITIES			TOTALS		
ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$ 160	$ 202	$ 42	$ 551,093	$ 563,227	$ 12,134
12,604	12,241	(363)	596,735	600,051	3,316
.....	.....	.....	1,222,650	1,252,333	29,683
.....	.....	.....	472,710	469,459	(3,251)
.....	1,641	1,641	184,062	195,747	11,685
12,764	14,084	1,320	3,027,250	3,080,817	53,567
12,556	10,142	2,414	1,114,029	1,082,572	31,457
6,000	6,191	(191)	2,315,559	2,399,605	(84,046)
18,556	16,333	2,223	3,429,588	3,482,177	(52,589)
(5,792)	(2,249)	3,543	(402,338)	(401,360)	978
.....	.....	.....	2,173	1,732	(441)
188	584	396	622,092	586,720	(35,372)
.....	.....	.....	.....	(14,341)	(14,341)
188	584	396	624,265	574,111	(50,154)
(5,604)	(1,665)	3,939	221,927	172,751	(49,176)
	5,654			650,648	
	(291)			(847,291)	
5,392	5,363	(29)	(216,183)	(196,643)	19,540
$ (212)	$ 3,698	$ 3,910	$ 5,744	$ (23,892)	$ (29,636)

ALBERT E. MEAD
GOVERNOR (1905-1909)

Born: December 14, 1861
Died: March 19, 1913

Albert E. Mead was born and educated in Kansas, and came to Washington Territory in 1889. In 1892 he was elected mayor of Blaine, and later he represented Whatcom County in the State Legislature. In 1898 Mead was elected prosecuting attorney of Whatcom County and was re-elected in 1902.

Governor Mead's administration was significant for a number of legislative and political events. Mead was the last governor to be elected under the old system of party nominations. In 1907 the direct primary law was passed, the most radical political change to take place since statehood. This law was the first concrete evidence of the movement which was to culminate within a few years in the direct election of U.S. Senators, the adoption of the Initiative, Referendum and Recall law, and the granting of women's suffrage.

The legislative session of 1905 was notable for several milestones in the extension of state government controls. Some of the recommendations made by former Governor Rogers were carried out, in particular the creation of a State Railroad Commission and the office of State Bank Examiner. The 1905 session also provided for the State Board of Tax Commissioners, the State Highway Board, the State Board of Plumbing Examiners, the State Oil Inspector, and the State Institution for the Feeble-minded. Further reforms by the 1907 session established the State Reformatory, the office of Horticultural Commissioner, and the Bureau of Vital Statistics to provide for the state-wide registration of births and deaths for the first time.

The booming prosperity which had been enjoyed since the Alaskan gold rush received a severe jolt with the "Panic of 1907". In particular, the production of lumber declined by half from 1906 to 1908. Many other industries continued to grow, however, and the total amount of real and personal property showed a healthy increase under Mead's administration. After serving four years as governor he returned to his law practice in Bellingham.

INTERNAL SERVICE FUNDS

Internal Service Funds account for state activities that provide goods and services to other state departments or agencies on a cost-reimbursement basis. A brief description of each fund follows:

The **Central Services Fund** accounts for the cost of providing the following services to state agencies: (1) Legal services, (2) Operation and management of real estate, (3) Facilities and related services, (4) Auditing of state and local governmental units, (5) Administration of the state civil service law, (6) Administrative hearings, and (7) Archives and records management.

The **Central Stores Fund** accounts for the purchase and subsequent sale or rental to state agencies, of supplies, equipment, and services through central stores; it also accounts for the costs to operate central stores.

The **Equipment Revolving Fund** accounts for the purchase, repair, maintenance, and replacement of equipment, machinery, supplies, and vehicles used for the following activities: (1) Administration, maintenance, and construction of highways and highway facilities, and (2) Management of public and private lands.

The **Data Processing Revolving Fund** accounts for distribution and apportionment of the full cost of data processing and data communication services to other state agencies, and for the payment of other costs incidental to the acquisition, operation, and administration of acquired data processing services, supplies, and equipment.

The **Printing Services Fund** accounts for the operation of the state printing plant.

The **Motor Transport Fund** accounts for operations of the state motor pool, including the cost of replacing vehicles.

The **State Employees' Insurance Fund** accounts for payment of premiums for employees' insurance benefit contracts.

The **Higher Education Revolving Fund** accounts for stores, data processing, educational, operational printing and duplication, motor pool, and other support service activities at colleges and universities.

The **Other Services Fund** accounts for the acquisition of federal surplus properties and food for resale or donation to eligible parties.

STATE OF WASHINGTON

Combining Balance Sheet
Internal Service Funds
June 30, 1989
(expressed in thousands)

	CENTRAL SERVICES	CENTRAL STORES	EQUIPMENT REVOLVING	DATA PROCESS. REVOLVING	PRINTING SERVICES
ASSETS:					
CURRENT ASSETS:					
Cash and pooled investments	$ 5,097	$ 2,494	$ 19,353	$ 19,496	$ 1,091
Other receivables (net of allowance)	58	52	209	286	.....
Due from other funds	2,767	990	7,917	13,935	3,211
Due from other governments	1,275	73	3	1,148	.....
Inventories	157	2,223	2,812	1,661	3,007
Prepaid expenses	1	8	.....	14	.....
Total Current Assets	9,355	5,840	30,294	36,540	7,309
OTHER ASSETS:					
Investments, noncurrent	.....	.....	.....	.....	2,000
Other nonfixed assets	.....	.....	.....	640	.....
Total Other Assets	.....	.....	.....	640	2,000
FIXED ASSETS:					
Land	1,246	6	.....	.....	.....
Buildings	14,638	95	19	.....	.....
Other improvements and miscellaneous	4	.....	.....	4,435	244
Furnishings and equipment	7,047	1,222	136,956	77,085	5,961
Accumulated depreciation	(8,376)	(924)	(69,496)	(53,232)	(2,475)
Total Fixed Assets	14,559	399	67,479	28,288	3,730
Total Assets	$ 23,914	$ 6,239	$ 97,773	$ 65,468	$ 13,039
LIABILITIES AND FUND EQUITY:					
CURRENT LIABILITIES:					
Accounts payable	$ 1,249	$ 721	$ 1,237	$ 6,756	$ 1,622
Contracts and retainages payable	1,533	.....	79	1,257	.....
Accrued liabilities	4,667	340	1,631	2,220	394
Due to other funds	1,588	273	339	1,745	13
Due to other governments	77	9	.....	.....	.....
Deferred revenues	939	341	.....	44	2,238
Total Current Liabilities	10,053	1,684	3,286	12,022	4,267
LONG-TERM LIABILITIES:					
Other long-term obligations	1,309	.....	.....	1,894	58
Total Long-Term Liabilities	1,309	.....	.....	1,894	58
Total Liabilities	11,362	1,684	3,286	13,916	4,325
FUND EQUITY:					
Contributed capital	8,578	416	19,117	2,884	.....
Retained earnings:					
Unreserved	3,974	4,139	75,370	48,668	8,714
Total Fund Equity	12,552	4,555	94,487	51,552	8,714
Total Liabilities and Fund Equity	$ 23,914	$ 6,239	$ 97,773	$ 65,468	$ 13,039

MOTOR TRANSPORT	STATE EMP. INSURANCE	HIGHER EDUC. REVOLVING	OTHER SERVICES	TOTALS JUNE 30, 1989	TOTALS JUNE 30, 1988
$ 2,033	$ 38,325	$ 10,848	$ 218	$ 98,955	$ 55,390
19	169	1,322	74	2,189	1,439
850	37,416	960	82	68,128	29,827
.....	3,900	98	33	6,530	7,847
30	.....	9,707	1,402	20,999	19,495
.....	.....	.....	.....	23	210
2,932	79,810	22,935	1,809	196,824	114,208
.....	.....	.....	.....	2,000	2,000
.....	.....	.....	.....	640	1,084
.....	.....	.....	.....	2,640	3,084
.....	.....	.....	.....	1,252	1,183
17	.....	284	.....	15,053	14,872
.....	.....	28	.....	4,711	4,702
11,722	169	31,823	50	272,035	263,399
(5,213)	(51)	(18,518)	(16)	(158,301)	(147,684)
6,526	118	13,617	34	134,750	136,472
$ 9,458	$ 79,928	$ 36,552	$ 1,843	$ 334,214	$ 253,764
$ 110	$ 771	$ 4,291	$ 13	$ 16,770	$ 14,797
.....	1,070	2,029	.....	5,968	5,160
75	21,321	2,806	47	33,501	12,064
34	34,773	1,435	25	40,225	13,704
.....	49	.....	.....	135	48
137	.....	.....	1,381	5,080	3,234
356	57,984	10,561	1,466	101,679	49,007
.....	.....	3,384	.....	6,645	8,139
.....	.....	3,384	.....	6,645	8,139
356	57,984	13,945	1,466	108,324	57,146
.....	.....	400	100	31,495	35,173
9,102	21,944	22,207	277	194,395	161,445
9,102	21,944	22,607	377	225,890	196,618
$ 9,458	$ 79,928	$ 36,552	$ 1,843	$ 334,214	$ 253,764

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity
Internal Service Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	CENTRAL SERVICES	CENTRAL STORES	EQUIPMENT REVOLVING	DATA PROCESS. REVOLVING	PRINTING SERVICES
OPERATING REVENUES:					
Sales	$	$ 9,415	$ 3,218	$ 13,488	$ 27,377
Less: Cost of goods sold		7,193	2,694	12,232	25,829
Gross profit		2,222	524	1,256	1,548
Charges for services	63,847	6,757	48,058	88,518	
Miscellaneous revenue	7,252			29	
Total Operating Revenues	71,099	8,979	48,582	89,803	1,548
OPERATING EXPENSES:					
Salaries and wages	38,075	2,305	11,910	17,492	
Personal services	1,764	79	212	4,914	
Goods and services	18,662	5,403	13,021	42,724	
Travel	1,338	24	129	335	
Employee benefits	8,277	579	2,957	3,918	
Depreciation	973	142	13,043	11,936	526
Miscellaneous expenses	1,525	14	2,582	1,116	
Total Operating Expenses	70,614	8,546	43,854	82,435	526
Operating Income (Loss)	485	433	4,728	7,368	1,022
NONOPERATING REVENUES (EXPENSES):					
Other revenue (expenses)	(16)	7	419	(678)	
Interest income	368		1,335	61	
Interest expense	(273)	(1)	(7)	(219)	
Total Nonoperating Revenues (Expenses)	79	6	1,747	(836)	
Income (Loss) Before Operating Transfers	564	439	6,475	6,532	1,022
OPERATING TRANSFERS:					
Operating transfers in	11		1		
Operating transfers out	(2,248)		(1)	(37)	
Net operating transfers in (out)	(2,237)			(37)	
NET INCOME (LOSS)	(1,673)	439	6,475	6,495	1,022
FUND EQUITY:					
Fund equity as restated, July 1	18,713	4,116	87,461	45,393	7,692
Residual equity transfers out			(40)	(555)	
Contributions of capital			591	219	
Return of Contributed of capital	(4,488)				
Fund Equity, June 30	$ 12,552	$ 4,555	$ 94,487	$ 51,552	$ 8,714.

MOTOR TRANSPORT	STATE EMP. INSURANCE	HIGHER EDUC. REVOLVING	OTHER SERVICES	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
$.....	$.....	$ 35,640	$.....	$ 89,138	$ 80,596
.....	.....	27,914	.....	75,862	68,909
.....	.....	7,726	.....	13,276	11,687
5,006	249,649	66,934	1,039	529,808	255,863
18	5	559	3,231	11,094	14,237
5,024	249,654	75,219	4,270	554,178	281,787
520	695	24,320	276	95,593	89,516
1	172	74	16	7,232	5,394
1,841	236,419	35,022	5,331	358,423	110,209
1	17	471	10	2,325	1,951
121	148	5,467	69	21,536	18,795
1,764	5	3,922	11	32,322	34,448
8	948	4,369	1	10,563	2,885
4,256	238,404	73,645	5,714	527,994	263,198
768	11,250	1,574	(1,444)	26,184	18,589
283	.....	(826)	.....	(811)	1,109
.....	2,615	627	.....	5,006	2,498
.....	.....	(46)	.....	(546)	(1,208)
283	2,615	(245)	.....	3,649	2,399
1,051	13,865	1,329	(1,444)	29,833	20,988
.....	1,239	2,448	.....	3,699	10,326
(41)	(3,946)	(1,810)	.....	(8,083)	(11,079)
(41)	(2,707)	638	.....	(4,384)	(753)
1,010	11,158	1,967	(1,444)	25,449	20,235
8,092	10,786	21,664	1,821	205,738	162,541
.....	.....	(1,024)	.....	(1,619)	(5,107)
.....	.....	.....	.....	810	18,949
.....	.....	.....	.....	(4,488)	18,949
$ 9,102	$ 21,944	$ 22,607	$ 377	$ 225,890	$ 215,567

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position
Internal Service Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	CENTRAL SERVICES	CENTRAL STORES	EQUIPMENT REVOLVING	DATA PROCESS. REVOLVING	PRINTING SERVICES
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
Net income (loss)	$ (1,673)	$ 439	$ 6,475	$ 6,495	$ 1,022
Items not requiring working capital in the current period:					
Depreciation	973	142	13,043	11,936	526
Working Capital Provided by Operations	(700)	581	19,518	18,431	1,548
OTHER SOURCES:					
Sales of noncurrent investments	.....	.....	.....	.....	349
Disposal of fixed assets	6,169	56	3,713	5,387	18
Disposal of other nonfixed assets	506	.....	.....	443	.....
Proceeds from other long-term oblig.	.....	.....	.....	6,489	26
Contributions of capital	.....	.....	591	219	.....
Fund equity transfers in	.....	.....	.....	.....	.....
Total Sources of Working Capital	5,975	637	23,822	30,969	1,941
USES OF WORKING CAPITAL:					
Purchases of noncurrent investments	.....	.....	.....	.....	351
Acquisitions of fixed assets	2,341	80	22,514	16,450	1,208
Acquisitions of other nonfixed assets	.....	.....	.....	.....	.....
Repayment of other long-term oblig.	1,453	.....	.....	6,239	16
Return of Contributed capital	4,488	.....	.....	.....	.....
Fund equity transfers out	.....	.....	40	555	.....
Total Uses of Working Capital	8,282	80	22,554	23,244	1,575
Net Increase (Decrease) in Working Capital	$ (2,307)	$ 557	$ 1,268	$ 7,725	$ 366
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash and pooled investments	$ 436	$ 1,074	$ (2,113)	$ 9,074	$ 841
Receivables (net of allowance)	40	(29)	11	64	.....
Due from other funds	408	(479)	2,731	(1,132)	(517)
Due from other governments	48	(5)	(45)	(556)	.....
Inventories	157	81	(439)	806	(3)
Prepaid expenses	1	(191)	.....	11	(8)
Accounts payable	(457)	(230)	732	(25)	(108)
Contracts and retainages payable	(1,324)	33	59	24	.....
Accrued liabilities	(254)	(70)	259	(235)	(11)
Due to other funds	(451)	123	72	(387)	46
Due to other governments	(37)	(6)	1	.....	.....
Deferred revenue	(874)	256	.....	81	126
Net Increase (Decrease) in Working Capital	$ (2,307)	$ 557	$ 1,268	$ 7,725	$ 366

MOTOR TRANSPORT	STATE EMP. INSURANCE	HIGHER EDUC. REVOLVING	OTHER SERVICES	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
$ 1,010	$ 11,158	$ 1,967	$ (1,444)	$ 25,449	$ 20,235
1,764	5	3,922	11	32,322	34,448
2,774	11,163	5,889	(1,433)	57,771	54,683
.....	.....	.....	.....	349	837
56	2	4,648	17	20,066	10,969
.....	.....	.....	.....	949	15
.....	.....	724	.....	7,239	8,478
.....	.....	.....	.....	810	13,563
.....	.....	.....	.....	.....	5,386
2,830	11,165	11,261	(1,416)	87,184	93,931
.....	.....	.....	.....	351	87
2,730	126	5,497	28	50,974	58,928
.....	.....	.....	.....	.....	1,085
.....	.....	1,529	.....	9,237	15,214
.....	.....	.....	.....	4,488	.....
.....	.....	1,024	.....	1,619	5,107
2,730	126	8,050	28	66,669	80,421
$ 100	$ 11,039	$ 3,211	$ (1,444)	$ 20,515	$ 13,510
$ 158	$ 30,571	$ 2,691	$ (8)	$ 42,724	$ 10,435
19	169	468	8	750	62
38	28,038	451	41	27,579	6,330
.....	(803)	57	(13)	(1,317)	4,915
30	.....	953	(81)	1,504	2,644
.....	.....	.....	.....	(187)	53
(62)	(685)	(1,060)	9	(1,886)	(1,963)
.....	1,200	558	.....	550	4,163
28	(21,548)	184	(17)	(21,664)	(1,857)
(13)	(23,858)	(1,135)	(2)	(25,605)	(11,052)
.....	(45)	.....	.....	(87)	(29)
(98)	.....	44	(1,381)	(1,846)	(191)
$ 100	$ 11,039	$ 3,211	$ (1,444)	$ 20,515	$ 13,510

STATE OF WASHINGTON

Combining Schedule of Revenues and Expenses
Budget and Actual
Internal Service Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	CENTRAL SERVICES			CENTRAL STORES		
	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:						
Sales	$.....	$.....	$.....	$ 25,739	$ 21,173	$ (4,566)
Charges for services	123,483	123,444	(39)	.....	7,768	7,768
Miscellaneous revenues	14,729	12,603	(2,126)	.....	47	47
Total Operating Revenues	138,212	136,047	(2,165)	25,739	28,988	3,249
EXPENSES:						
Allotted expenses	133,009	127,403	5,606	28,692	27,599	1,093
Nonallotted expenses (adjustments)	(178)	6,012	(6,190)	.....	181	(181)
Total Expenses	132,831	133,415	(584)	28,692	27,780	912
Net Operating Revenues Over (Under) Expenses	5,381	2,632	(2,749)	(2,953)	1,208	4,161
NONOPERATING REVENUES:						
Other revenue (loss)	.....	232	232	.....	28	28
Interest income	810	691	(119)	.....	32	32
Total Nonoperating Revenues	810	923	113	.....	60	60
Income (Loss) Before Operating Transfers	6,191	3,555	(2,636)	(2,953)	1,268	4,221
OPERATING TRANSFERS:						
Operating transfers in		31			.....	
Operating transfers out		(3,001)			.....	
Net Operating Transfers In (Out)	(2,917)	(2,970)	(53)	.....	.....	.....
NET INCOME (LOSS)	$ 3,274	$ 585	$ (2,689)	$ (2,953)	$ 1,268	$ 4,221

EQUIPMENT REVOLVING			DATA PROCESSING REVOLVING			PRINTING SERVICES		
ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$ 2,689	$ 6,015	$ 3,326	$ 25,000	$ 26,068	$ 1,068	$ 48,622	$ 52,530	$ 3,908
93,955	93,856	(99)	175,746	173,628	(2,118)	.....	.....	.....
3,373	199	(3,174)	.....	52	52	.....	.....	.....
100,017	100,070	53	200,746	199,748	(998)	48,622	52,530	3,908
.....	.....	.....	194,616	183,053	11,563	.....	.....	.....
89,811	90,666	(855)	(30,000)	1,238	(31,238)	46,451	50,390	(3,939)
89,811	90,666	(855)	164,616	184,291	(19,675)	46,451	50,390	(3,939)
10,206	9,404	(802)	36,130	15,457	(20,673)	2,171	2,140	(31)
3,290	822	(2,468)	.....	(443)	(443)	.....	.....	.....
358	2,586	2,228	940	427	(513)	.....	.....	.....
3,648	3,408	(240)	940	(16)	(956)	.....	.....	.....
13,854	12,812	(1,042)	37,070	15,441	(21,629)	2,171	2,140	(31)
	1			111			.....	
	(1)			(38)			.....	
.....	.....	.....	(38)	73	111	.....	.....	.....
$ 13,854	$ 12,812	$ (1,042)	$ 37,032	$ 15,514	$ (21,518)	$ 2,171	$ 2,140	$ (31)

STATE OF WASHINGTON

Combining Schedule of Revenues and Expenses
Budget and Actual
Internal Service Funds
For the Biennium Ended June 30, 1989
(expressed in thousands)

	MOTOR TRANSPORT			STATE EMPLOYEES' INSURANCE		
	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:						
Sales	$	$	$	$	$	$
Charges for services	8,780	9,787	1,007	250,000	249,650	(350)
Miscellaneous revenues		56	56		19	19
Total Operating Revenues	8,780	9,843	1,063	250,000	249,669	(331)
EXPENSES:						
Allotted expenses	10,925	10,744	181	3,504	3,504	
Nonallotted expenses (adjustments)	(6,182)	(2,814)	(3,368)	246,500	243,992	2,508
Total Expenses	4,743	7,930	(3,187)	250,004	247,496	2,508
Net Operating Revenues Over (Under) Expenses	4,037	1,913	(2,124)	(4)	2,173	2,177
NONOPERATING REVENUES:						
Other revenue (loss)		469	469		7	7
Interest income				1,465	3,335	1,870
Total Nonoperating Revenues		469	469	1,465	3,342	1,877
Income (Loss) Before Operating Transfers	4,037	2,382	(1,655)	1,461	5,515	4,054
OPERATING TRANSFERS:						
Operating transfers in					1,239	
Operating transfers out		(60)			(3,958)	
Net Operating Transfers In (Out)	(51)	(60)	(9)	(47)	(2,719)	(2,672)
NET INCOME (LOSS)	$ 3,986	$ 2,322	$ (1,664)	$ 1,414	$ 2,796	$ 1,382

Concluded

HIGHER EDUCATION REVOLVING			OTHER SERVICES			TOTALS		
ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)	ESTIMATED/ APPROVED BUDGET 1987-89 BIENNIUM	ACTUAL FOR 1987-89 BIENNIUM	VARIANCE FAVORABLE (UNFAVORABLE)
$ 57,223	63,948	$ 6,725	$.....	$.....	$.....	$ 159,273	$ 169,734	$ 10,461
119,810	126,302	6,492	1,909	1,852	(57)	773,683	786,287	12,604
1,788	1,394	(394)	10,000	10,359	359	29,890	24,729	(5,161)
178,821	191,644	12,823	11,909	12,211	302	962,846	980,750	17,904
9,392	7,643	1,749	1,848	1,682	166	381,986	361,628	20,358
170,179	183,979	(13,800)	11,000	11,538	(538)	527,581	585,182	(57,601)
179,571	191,622	(12,051)	12,848	13,220	(372)	909,567	946,810	(37,243)
(750)	22	772	(939)	(1,009)	(70)	53,279	33,940	(19,339)
40	(808)	(848)	.....	.....	.....	3,330	307	(3,023)
1,035	1,144	109	.....	9	9	4,608	8,224	3,616
1,075	336	(739)	.....	9	9	7,938	8,531	593
325	358	33	(939)	(1,000)	(61)	61,217	42,471	(18,746)
	12,546			.....			13,928	
	(12,020)			.....			(19,078)	
.....	526	526	.....	.....	.....	(3,053)	(5,150)	(2,097)
$ 325	884	$ 559	$ (939)	$ (1,000)	$ (61)	$ 58,164	$ 37,321	$ (20,843)

HENRY MCBRIDE
GOVERNOR (1901-1905)

Born: February 7, 1856
Died: October 6, 1937

Henry McBride was born in Utah in 1856 and received his education in New York and Connecticut. He moved to California in 1880 and came to Washington in 1882, where he settled on Whidby Island. In 1892 McBride was elected judge of the superior court for Island and Skagit Counties and was re-elected in 1896. His fine record as a judge secured him his election as Lieutenant Governor in 1900.

With the death of John R. Rogers on December 26, 1901, McBride succeeded to the governorship. Since McBride had been elected on the Republican ticket in 1900, the governor's office was now brought into political accord with the legislature and the other state officers, assuring a greater degree of harmony than had been possible under Rogers.

Governor McBride's administration has been described as being rather quiet, especially when contrasted with that of his predecessor. Times were relatively good and there was not the political controversy that surrounded Governor Rogers. McBride made changes slowly and became particularly interested in the institutions for education.

The more or less roaring prosperity which began in 1897 continued unabated during McBride's term of office. The population of the state, which had reached 518,103 people in the census of 1900, was well on its way toward doubling in 1910.

During the first five years of the twentieth century the industrial progress of the state was significant, especially in lumbering. By 1900 Washington had become the fifth largest lumber producing state in the nation and by 1905 it was leading national production. Shipbuilding expanded as well and in 1904 the battleship Nebraska was launched in Seattle, an event which firmly established the reputation of Washington's shipyards.

TRUST AND AGENCY FUNDS

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for assets held by the state in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations. A brief description of each fund follows:

The **Human Services Trust Fund** accounts for the following: (1) The deposit of funds requisitioned from the Federal Unemployment Trust Fund and for the payment of unemployment benefits; (2) Additional payments to survivors of deceased injured workers priorly receiving pensions, and to totally disabled workers; (3) The residents' share of financial support for the Veterans' Home and Soldiers' Home; and (4) Surcharges assessed on all telephone lines to provide telephone service to low-income persons.

The **Higher Education Trust Fund** accounts for college and university gifts in the support of fellowships and scholarships.

The **Miscellaneous Trust Fund** accounts for the administration of abandoned property laws and for claims against the state arising out of tortious conduct for whom the defense of claims was authorized under legislative statute.

NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds account for assets held by the state in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact. A brief description of each fund follows:

The **Higher Education Endowment Fund** accounts for the principal derived from the sale of timber, and for gifts and bequests which the donors have specified must remain intact. Interest earned is used for the benefit of certain colleges and universities.

The **Common School Permanent Fund** accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of the common schools.

PENSION TRUST FUNDS

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various state public employee retirement systems. See Note 6, Retirement Systems, for a description of the individual Pension Trust Funds.

AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the state, acting in the capacity of an agent, for distribution to other governmental units or other organizations. A brief description of each of Washington's Agency Funds follows:

The **Clearing Fund** is used as a clearing account primarily for processing payrolls. This fund is also used for other activities such as the following: (1) Collection and disbursement of child support payments for clients, (2) Processing payments for goods and services purchased, (3) Collection and distribution of a portion of motor vehicle excise taxes to local governments and transit districts for public transportation systems, and (4) Collection and payment of employer and employee O.A.S.I. contributions.

The **Suspense Fund** is used to account for the following: (1) Third parties' monies for which final disposition is not yet known, (2) State revenues received without a statement designating source and fund, and (3) State timber sales bid deposits where final disposition is pending.

The **Local Government Distributions Fund** is used to account for the receipt and allocation of local sales and use taxes, and leasehold taxes imposed by local governments.

The **Deferred Compensation Fund** is used to account for the amount of compensation deferred by state employees and employees of other political subdivisions electing to participate in a deferred compensation plan in accordance with Internal Revenue Code Section 457.

The **Pooled Investments Fund** is used for pooling and investing surplus public funds, and the accumulation and allocation of interest earned among the various accounts and funds from which such investments and investment deposits were made.

STATE OF WASHINGTON

Combining Balance Sheet
Trust and Agency Funds
June 30, 1989
(expressed in thousands)

	EXPENDABLE TRUST			NONEXPENDABLE TRUST	
	HUMAN SERVICES TRUST	HIGHER EDUCATION TRUST	MISCELLANEOUS TRUST	HIGHER EDUCATION ENDOWMENT	COMMON SCHOOL PERMANENT
ASSETS:					
Cash and pooled investments	$1,290,970	$ 35,927	$ 14,396	$ 8,226	$ 36
Other receivables (net of allowance)	58,897	81,424	8,892	9,442	2,294
Due from other funds	11,541	2,921	1,832	1,201	7
Due from other governments	7,582	1,138	7,206	.....	.....
Inventories	42	.....	184	.....	.....
Total Current Assets	1,369,032	121,410	32,510	18,869	2,337
OTHER ASSETS:					
Investments, noncurrent	2,508	19,995	1,692	445,984	109,913
Other nonfixed assets	.....	.....	.....	22,574	690
Total Other Assets	2,508	19,995	1,692	468,558	110,603
Total Assets	$1,371,540	$ 141,405	$ 34,202	$ 487,427	$ 112,940
LIABILITIES AND FUND EQUITY:					
LIABILITIES:					
Accounts payable	$ 3,661	$ 464	$ 73	$.....	$.....
Contracts and retainages payable	.....	18	.....	3,660	.....
Accrued liabilities	139	2,575	482	11,046	.....
Due to other funds	8,918	1,263	142	6,001	1,938
Due to other governments	475	160	.....	.....	.....
Deferred revenues	1,049	78	14,923	22,532	689
Current workers' comp benefits payable	105,669	.....	.....	.....	.....
Other long-term obligations	.....	.....	.....	6,308	.....
Total Liabilities	119,911	4,558	15,620	49,547	2,627
FUND EQUITY:					
Unrealized gain on investments					
Fund balances:					
Reserved for:					
Encumbrances	.....	.....	.....	.....	.....
Inventories	42	.....	184	.....	.....
Nonexpendable trust corpus	.....	4	.....	437,880	110,313
Unemployment compensation	1,203,206	.....	.....	.....	.....
Retirement systems	.....	.....	.....	.....	.....
Other specific purposes	2,530	84,604	1,462	.....	.....
Unreserved:					
Designated for other specific purposes	.....	3,875	.....	.....	.....
Undesignated	45,851	48,364	16,936	.....	.....
Total Fund Equity	1,251,629	136,847	18,582	437,880	110,313
Total Liabilities and Fund Equity	$1,371,540	$ 141,405	$ 34,202	$ 487,427	$ 112,940

PENSION TRUST					
PUBLIC EMPLOYEES'	TEACHERS'	L.E.O.F.F.	STATE PATROL	JUDICIAL	VOLUNTEER FIRE FIGHTERS'
$ 6,280	$ 8,209	$ 7,026	$ 2,591	$ 1,661	$ 79
42,253	28,537	16,922	1,315	1	717
456	297	156	10	90	8
30,871	19,708	5,668	371	52	.....
.....	.....	.....	.....	.....	.....
79,860	56,751	29,772	4,287	1,804	804
5,748,030	3,887,743	2,296,985	204,014	103	42,579
.....	.....	.....	.....	.....	5
5,748,030	3,887,743	2,296,985	204,014	103	42,584
$ 5,827,890	$ 3,944,494	$ 2,326,757	$ 208,301	$ 1,907	$ 43,388
$ 3,945	$ 2,052	$ 449	$ 114	$ 60	$ 4
.....	.....	.....	.....	.....	.....
.....	17	.....	.....	.....	12
185	123	50	.....	.....	2
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
4,130	2,192	499	114	60	18
983,975	599,055	338,983	25,909	.....	1,258
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
4,839,785	3,343,247	1,987,275	182,278	1,847	42,112
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
5,823,760	3,942,302	2,326,258	208,187	1,847	43,370
$ 5,827,890	$ 3,944,494	$ 2,326,757	$ 208,301	$ 1,907	$ 43,388

STATE OF WASHINGTON

Combining Balance Sheet
Trust and Agency Funds
June 30, 1989
(expressed in thousands)

Concluded

	AGENCY					TOTALS	
	CLEARING	SUSPENSE	LOCAL GOVERNMENT DISTRIB.	DEFFERED COMP.	POOLED INVEST.	JUNE 30, 1989	JUNE 30, 1988
ASSETS:							
Cash and pooled investments	$ 35,447	$ 27,379	$ 21,848	$ 583	$ 760,992	$ 2,221,650	$ 1,592,173
Other receivables (net of allowance)	23,686	1,853	.....	.....	2,136	278,369	267,545
Due from other funds	1,507	2,392	69,870	8	5,505	97,801	85,028
Due from other governments	.....	5,238	.....	.....	4,580	82,414	49,705
Inventories	.....	.....	.....	.....	.....	226	238
Total Current Assets	60,640	36,862	91,718	591	773,213	2,680,460	1,994,689
OTHER ASSETS:							
Investments, noncurrent	.....	.....	.....	160,913	12,449	12,932,908	11,250,361
Other nonfixed assets	.....	17,688	.....	.....	.....	40,957	57,566
Total Other Assets	.....	17,688	.....	160,913	12,449	12,973,865	11,307,927
Total Assets	$ 60,640	$ 54,550	$ 91,718	$ 161,504	$ 785,662	$ 15,654,325	$ 13,302,616
LIABILITIES AND FUND EQUITY:							
LIABILITIES:							
Accounts payable	$ 1,046	$ 114	$.....	$ 9	$ 1,551	$ 13,542	$ 9,094
Contracts and retainages payable	135	10,217	.....	.....	2,140	16,170	13,601
Accrued liabilities	54,771	2,321	611	13	26,370	98,357	95,209
Due to other funds	332	16,019	2,026	76	116,579	153,654	96,437
Due to other governments	4,356	25,879	89,081	.....	638,969	758,920	573,179
Deferred revenues	.....	.....	.....	.....	.....	39,271	36,254
Current workers' comp benefits payable	.....	.....	.....	.....	.....	105,669	105,619
Other long-term obligations	.....	.....	.....	161,406	53	167,767	136,680
Total Liabilities	60,640	54,550	91,718	161,504	785,662	1,353,350	1,066,073
FUND EQUITY:							
Unrealized gain on investments	.....	.....	.....	.....	.....	1,149,180	1,374,737
Fund balances:							
Reserved for:							
Encumbrances	.....	.....	.....	.....	.....	.....	768
Inventories	.....	.....	.....	.....	.....	226	238
Nonexpendable trust corpus	.....	.....	.....	.....	.....	548,197	498,460
Unemployment compensation	.....	.....	.....	.....	.....	1,203,206	839,833
Retirement systems	.....	.....	.....	.....	.....	10,396,544	9,368,453
Other specific purposes	.....	.....	.....	.....	.....	88,596	86,414
Unreserved:							
Designated for other specific purposes	.....	.....	.....	.....	.....	3,875	3,459
Undesignated	.....	.....	.....	.....	.....	111,151	64,181
Total Fund Equity	.....	.....	.....	.....	.....	14,300,975	12,236,543
Total Liabilities and Fund Equity	$ 60,640	$ 54,550	$ 91,718	$ 161,504	$ 785,662	$ 15,654,325	$ 13,302,616

STATE OF WASHINGTON

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Expendable Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	HUMAN SERVICES TRUST	HIGHER EDUCATION TRUST	MISC. TRUST	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
REVENUES:					
Licenses, permits, and fees	$ 86	$	$	$ 86	$ .....
Federal grants-in-aid	18,268	59,981	43,412	121,661	$ 81,192
Charges for services	391	7,467	1,906	9,764	8,705
Unemployment comp. contributions	653,197	.....	.....	653,197	669,662
Workers' compensation contributions	123,438	.....	.....	123,438	113,286
Miscellaneous revenue	108,411	33,858	11,461	153,730	105,629
Total Revenues	903,791	101,306	56,779	1,061,876	978,474
EXPENDITURES:					
Current:					
General government	1	.....	54,110	54,111	39,397
Human services	490,448	.....	526	490,974	490,049
Natural resources and recreation	.....	.....	227	227	119
Education	18,352	91,583	455	110,390	73,054
Capital outlays	183	987	228	1,398	839
Debt service:					
Principal	12	69	.....	81	58
Interest	.....	8	226	234	35
Total Expenditures	508,996	92,647	55,772	657,415	603,551
Excess of Revenues Over (Under) Expenditures	394,795	8,659	1,007	404,461	374,923
OTHER FINANCING SOURCES (USES):					
Operating transfers in	26,827	6,964	9,743	43,534	24,203
Operating transfers out	(23,336)	(5,497)	(6,957)	(35,790)	(26,008)
Total Other Financing Sources (Uses)	3,491	1,467	2,786	7,744	(1,805)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	398,286	10,126	3,793	412,205	373,118
FUND BALANCES:					
Fund balances as restated, July 1	853,343	126,766	14,789	994,898	609,763
Residual equity transfers in	.....	.....	.....	.....	12,856
Residual equity transfers out	.....	(45)	.....	(45)	(840)
Fund Balances, June 30	$1,251,629	$ 136,847	$ 18,582	$ 1,407,058	$ 994,897

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	HIGHER EDUCATION ENDOWMENT	COMMON SCHOOL PERMANENT	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
OPERATING REVENUES:				
Charges for services	$ 6	$	$ 6	$ 41
Earnings on investments	33,544	10,543	44,087	43,630
Miscellaneous revenue	38,336	988	39,324	36,617
Total Operating Revenues	71,886	11,531	83,417	80,288
NONOPERATING REVENUES (EXPENSES):				
Other revenues (expenses)	2	269	271	174
Income Before Operating Transfers	71,888	11,800	83,688	80,462
OPERATING TRANSFERS:				
Operating transfers in	884		884	3,572
Operating transfers out	(29,164)	(7,165)	(36,329)	(39,212)
Net operating transfers in (out)	(28,280)	(7,165)	(35,445)	(35,640)
NET INCOME	43,608	4,635	48,243	44,822
FUND EQUITY:				
Fund equity as restated, July 1	394,272	105,678	499,950	465,616
Residual equity transfer in				814
Residual equity transfer out				(12,796)
Fund Equity, June 30	$ 437,880	$ 110,313	$ 548,193	$ 498,456

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	HIGHER EDUCATION ENDOWMENT	COMMON SCHOOL PERMANENT	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	TOTALS FOR THE YEAR ENDED JUNE 30, 1988
SOURCES OF WORKING CAPITAL:				
OPERATIONS:				
Net income	$ 43,608	$ 4,635	$ 48,243	$ 44,822
Items not requiring working capital in the current period:				
Amortization of premiums/discounts on investments	371	(1,171)	(800)	(1,447)
Working Capital Provided by Operations	43,979	3,464	47,443	43,375
OTHER SOURCES:				
Sales of noncurrent investments	134,191	61,899	196,090	219,730
Disposal of other nonfixed assets	2,277	690	2,967	682
Proceeds from other long-term oblig	432	.....	432	19
Fund equity transfers in	.....	.....	.....	814
Total Sources of Working Capital	180,879	66,053	246,932	264,620
USES OF WORKING CAPITAL:				
Purchases of noncurrent investments	209,258	64,720	273,978	242,871
Acquisitions of other nonfixed assets	3,876	.....	3,876	19,802
Repayment of other long-term oblig	.....	.....	.....	794
Fund equity transfers out	.....	.....	.....	12,796
Total Uses of Working Capital	213,134	64,720	277,854	276,263
Net Increase (Decrease) in Working Capital	$ (32,255)	$ 1,333	$ (30,922)	$ (11,643)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:				
Cash and pooled investments	$ (25,936)	$ (7)	$ (25,943)	$ 11,659
Receivables (net of allowance)	2,504	205	2,709	1,224
Due from other funds	405	(20)	385	812
Contracts and retainages payable	(1,731)	64	(1,667)	(140)
Accrued liabilities	(2,738)	.....	(2,738)	(1,982)
Due to other funds	(3,139)	401	(2,738)	(4,115)
Deferred revenue	(1,620)	690	(930)	(19,101)
Net Increase (Decrease) in Working Capital	$ (32,255)	$ 1,333	$ (30,922)	$ (11,643)

STATE OF WASHINGTON

Combining Statement of Revenues, Expenses, and Changes in Fund Equity
Pension Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	PUBLIC EMPLOYEES'	TEACHERS'	L.E.O.F.F.	STATE PATROL	JUDICIAL
OPERATING REVENUES:					
Earnings on investments	$ 420,174	$ 272,331	$ 158,922	$ 14,235	$ 194
Pension contributions	386,847	283,376	103,282	8,319	3,711
Miscellaneous revenue	.....	244	124	.....	.....
Total Operating Revenues	807,021	555,951	262,328	22,554	3,905
OPERATING EXPENSES:					
Salaries and wages	.....	.....	.....	.....	.....
Personal services	672	483	307	12	.....
Goods and services	98	20	159	.....	4
Travel	.....	.....	.....	.....	.....
Employee benefits	.....	.....	.....	.....	.....
Pension benefit payments	299,847	223,076	92,717	5,315	3,105
Total Operating Expenses	300,617	223,579	93,183	5,327	3,109
Operating Income (Loss)	506,404	332,372	169,145	17,227	796
NONOPERATING REVENUES (EXPENSES):					
Other revenues (expenses)	.....	.....	.....	.....	.....
Income Before Operating Transfers	506,404	332,372	169,145	17,227	796
OPERATING TRANSFERS:					
Operating transfers out	(326)	(221)	(134)	(11)	.....
NET INCOME	506,078	332,151	169,011	17,216	796
FUND EQUITY:					
Fund equity as restated, July 1	5,051,746	3,424,792	2,045,087	180,756	1,723
Residual equity transfers in	672	.....	.....	.....	.....
Residual equity transfers out	.....	.....	.....	.....	(672)
Unrealized gain (loss) on investments	265,264	185,359	112,160	10,215	.....
Fund Equity, June 30	$ 5,823,760	$ 3,942,302	$ 2,326,258	$ 208,187	$ 1,847

VOLUNTEER FIRE FIGHTERS'	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	JUNE 30, 1988
$ 3,511	$ 869,367	$ 950,406
416	785,951	687,464
1,905	2,273	2,142
5,832	1,657,591	1,640,012
59	59	59
.....	1,474	1,443
34	315	84
2	2	2
18	18	16
2,878	626,938	583,752
2,991	628,806	585,356
2,841	1,028,785	1,054,656
.....	.....	28
2,841	1,028,785	1,054,684
(3)	(695)	(660)
2,838	1,028,090	1,054,024
39,086	10,743,190	10,224,219
.....	672	.....
.....	(672)	.....
1,446	574,444	(535,053)
$ 43,370	$ 12,345,724	$ 10,743,190

STATE OF WASHINGTON

Combining Statement of Changes in Financial Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	PUBLIC EMPLOYEES'	TEACHERS'	L.E.O.F.F.	STATE PATROL	JUDICIAL
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
Net income	$ 506,078	$ 332,151	$ 169,011	$ 17,216	$ 796
Items not requiring working capital in the current period:					
Amortization of premiums/discounts on investments	2,572	4,016	1,405	258	.....
Working Capital Provided by Operations	508,650	336,167	170,416	17,474	796
OTHER SOURCES:					
Sales of noncurrent investments	7,441,927	5,373,837	3,325,898	321,896	5,162
Unrealized gain on investments	265,264	185,359	112,160	10,215	.....
Fund equity transfers in	672	.....	.....	.....	.....
Total Sources of Working Capital	8,216,513	5,895,363	3,608,474	349,585	5,958
USES OF WORKING CAPITAL:					
Purchases of noncurrent investments	8,195,192	5,880,358	3,598,459	347,423	4,374
Unrealized loss on investments	.....	.....	.....	.....	.....
Fund equity transfers out	.....	.....	.....	.....	672
Total Uses of Working Capital	8,195,192	5,880,358	3,598,459	347,423	5,046
Net Increase (Decrease) in Working Capital	$ 21,321	$ 15,005	$ 10,015	$ 2,162	$ 912
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
Cash and pooled investments	$ (122)	$ 6,071	$ 6,507	$ 2,315	$ 900
Receivables (net of allowance)	4,670	786	510	(124)	.....
Due from other funds	(91)	72	20	(5)	46
Due from other governments	18,366	7,159	3,032	17	(11)
Accounts payable	(1,396)	902	(6)	(41)	(23)
Accrued liabilities	38	22	.....	.....	.....
Due to other funds	(144)	(7)	(48)	.....	.....
Deferred revenue	.....	.....	.....	.....	.....
Net Increase (Decrease) in Working Capital	$ 21,321	$ 15,005	$ 10,015	$ 2,162	$ 912

VOLUNTEER FIRE FIGHTERS'	TOTALS FOR THE YEAR ENDED JUNE 30, 1989	JUNE 30, 1988
$ 2,838	$ 1,028,090	$ 1,054,024
107	8,358	6,550
2,945	1,036,448	1,060,574
82,530	16,551,250	6,050,402
1,446	574,444	.....
.....	672	.....
86,921	18,162,814	7,110,976
86,854	18,112,660	6,619,218
.....	.....	535,053
.....	672	.....
86,854	18,113,332	7,154,271
$ 67	$ 49,482	$ (43,295)
$ 5	$ 15,676	$ (10,554)
67	5,909	23,840
(1)	41	(232)
.....	28,563	(55,205)
(2)	(566)	(1,642)
(2)	58	(17)
.....	(199)	478
.....	.....	37
$ 67	$ 49,482	$ (43,295)

Combining Statement of Changes in Assets and Liabilities *Continued*
Agency Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	BALANCE JULY 1, 1988	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1989
CLEARING FUND				
ASSETS:				
Cash and pooled investments	$ 35,078	$ 1,521,391	$ 1,521,022	$ 35,447
Other receivables (net of allowance)	23,596	61,431	61,341	23,686
Due from other funds	3,329	7,808	9,630	1,507
Total Assets	$ 62,003	$ 1,590,630	$ 1,591,993	$ 60,640
LIABILITIES:				
Accounts payable	$ 899	$ 28,220	$ 28,073	$ 1,046
Contracts and retainages payable	135	.....	.....	135
Accrued liabilities	57,211	1,504,267	1,506,707	54,771
Due to other funds	159	2,667	2,494	332
Due to other governments	3,599	13,139	12,382	4,356
Total Liabilities	$ 62,003	$ 1,548,293	$ 1,549,656	$ 60,640
SUSPENSE FUND				
ASSETS:				
Cash and pooled investments	$ 26,455	$ 190,435	$ 189,511	$ 27,379
Other receivables (net of allowance)	1,960	736	843	1,853
Due from other funds	1,177	11,427	10,212	2,392
Due from other governments	6,224	997	1,983	5,238
Other nonfixed assets	35,212	7	17,531	17,688
Total Assets	$ 71,028	$ 203,602	$ 220,080	$ 54,550
LIABILITIES:				
Accounts payable	$ 262	$ 18,612	$ 18,760	$ 114
Contracts and retainages payable	9,600	11,723	11,106	10,217
Accrued liabilities	1,511	119,019	118,209	2,321
Due to other funds	15,041	68,663	67,685	16,019
Due to other governments	44,614	63,733	82,468	25,879
Total Liabilities	$ 71,028	$ 281,750	$ 298,228	$ 54,550
LOCAL GOVERNMENT DISTRIBUTIONS FUND				
ASSETS:				
Cash and pooled investments	$ 14,111	$ 955,775	$ 948,038	$ 21,848
Due from other funds	58,838	11,032	.....	69,870
Total Assets	$ 72,949	$ 966,807	$ 948,038	$ 91,718
LIABILITIES:				
Accrued liabilities	$ 611	$.....	$.....	$ 611
Due to other funds		2,026		2,026
Due to other governments	72,338	964,144	947,401	89,081
Total Liabilities	$ 72,949	$ 966,170	$ 947,401	$ 91,718

STATE OF WASHINGTON

Combining Statement of Changes in Assets and Liabilities — *Concluded*
Agency Funds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	BALANCE JULY 1, 1988	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1989
DEFERRED COMPENSATION FUND				
ASSETS:				
Cash and pooled investments	$	$ 50,307	$ 49,724	$ 583
Other receivables (net of allowance)		31,454	31,454	0
Due from other funds		8		8
Investments, noncurrent	122,581	56,888	18,556	160,913
Total Assets	$ 122,581	$ 138,657	$ 99,734	$ 161,504
LIABILITIES:				
Accounts payable	$	$ 1,834	$ 1,825	$ 9
Accrued liabilities	170	6,329	6,486	13
Due to other funds		76		76
Due to other governments		256	256	0
Other long-term obligations	122,411	46,301	7,306	161,406
Total Liabilities	$ 122,581	$ 54,796	$ 15,873	$ 161,504
POOLED INVESTMENTS FUND				
ASSETS:				
Cash and pooled investments	$ 538,928	$ 6,091,785	$ 5,869,721	$ 760,992
Other receivables (net of allowance)	11,031	3,633	12,528	2,136
Due from other funds	2,580	4,178	1,253	5,505
Due from other governments	4,538	250	208	4,580
Investments, noncurrent	1,815	570,974	560,340	12,449
Total Assets	$ 558,892	$ 6,670,820	$ 6,444,050	$ 785,662
LIABILITIES:				
Accounts payable	$ 1,342	$ 7,978	$ 7,769	$ 1,551
Contracts and retainages payable	1,759	41,255	40,874	2,140
Accrued liabilities	24,515	37,450	35,595	26,370
Due to other funds	70,913	117,709	72,043	116,579
Due to other governments	451,970	2,941,564	2,754,565	638,969
Other long-term obligations	8,393	48	8,388	53
Total Liabilities	$ 558,892	$ 3,146,004	$ 2,919,234	$ 785,662
TOTALS - ALL AGENCY FUNDS				
ASSETS:				
Cash and pooled investments	$ 614,572	$ 8,809,693	$ 8,578,016	$ 846,249
Other receivables (net of allowance)	36,587	97,254	106,166	27,675
Due from other funds	65,924	34,453	21,095	79,282
Due from other governments	10,762	1,247	2,191	9,818
Investments, noncurrent	124,396	627,862	578,896	173,362
Other nonfixed assets	35,212	7	17,531	17,688
Total Assets	$ 887,453	$ 9,570,516	$ 9,303,895	$ 1,154,074
LIABILITIES:				
Accounts payable	$ 2,503	$ 56,644	$ 56,427	$ 2,720
Contracts and retainages payable	11,494	52,978	51,980	12,492
Accrued liabilities	84,018	1,667,065	1,666,997	84,086
Due to other funds	86,113	191,141	142,222	135,032
Due to other governments	572,521	3,982,836	3,797,072	758,285
Other long-term obligations	130,804	46,349	15,694	161,459
Total Liabilities	$ 887,453	$ 5,997,013	$ 5,730,392	$ 1,154,074

JOHN RANKIN ROGERS
GOVERNOR (1897-1901)

Born: September 4, 1838
Died: December 12, 1901

By 1896 the state's economic distress was such that a "fusion party" was formed, composed of Democrats, Populists and Silver Republicans. John R. Rogers was their standard-bearer and he won the election with a majority of 12,000 votes. Conservatives shuddered at the prospect of the "wild man" in the governor's chair and some freely predicted the complete breakdown of organized society. Once in office, however, Governor Rogers proved to be an honest and capable administrator who inspired confidence.

On July 17, 1897 the steamer Portland arrived in Seattle from the Alaskan goldfields with its "ton of gold!" (actually gold dust worth about $800,000). The news was electric in its effect. Orders were telegraphed for miner supplies of every kind and people talked of little else. Shipyards could not build ships fast enough for the hoards of prospectors who swarmed into Seattle. For Washington, at least, the depression was over.

Prosperity brought back a resurgent Republican Party in the 1899 Legislature. In his message to the session, Governor Rogers suggested further economies in government, adjustments in the burden of taxation, protection of the state's fisheries, the examination of state banks, the establishment of a railroad commission, and more support for the common schools.

Governor Rogers had little chance to implement his program, for in 1900 the Republicans attained complete control of the legislature and all elective officers except that of governor. The voters of the state had expressed their confidence in Rogers and his prestige was such that relations with the Republican legislature were better than might have been expected. He continued his fight to hold down appropriations and taxes until his death in 1901.

GENERAL FIXED ASSETS ACCOUNT GROUP

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the individual funds. Public domain (infrastructure) assets consisting of certain improvements other than buildings (including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems, and similar assets) are not reported in the account group.

STATE OF WASHINGTON

*Schedule of General Fixed Assets**
By Function
June 30, 1989
(expressed in thousands)

	Land	Buildings	Furnishings and Equipment	Other** Improvements/ Miscellaneous	Construction in Progress	Total
General government	$ 17,551	$ 89,235	$ 25,523	$ 6,039	$ 3,022	$ 141,370
Human services	4,564	377,979	34,244	61,730	21,933	500,450
Natural resources and recreation	184,880	44,296	24,322	13,292	.....	266,790
Transportation	29,938	47,746	31,790	.....	8,400	117,874
Education	65,197	694,246	169,282	280,662	139,884	1,349,271
Total General Fixed Assets	$ 302,130	$ 1,253,502	$ 285,161	$ 361,723	$ 173,239	$ 2,375,755

** Amounts displayed are net of depreciation where appropriate.*
***Includes library resources, museum and art collections.*

Schedule of Changes in General Fixed Assets
By Function
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	Balance July 1, 1988	Restatement of Balance at July 1, 1988*	Additions	Deletions	Balance June 30, 1989
General government	$ 170,857	$ 167,358	$ 36,599	$ 7,718	$ 196,239
Depreciation	(49,960)	(48,266)	6,790	187	(54,869)
Total general government	120,897	119,092			141,370
Human services	614,938	593,023	97,865	44,239	646,649
Depreciation	(126,940)	(116,011)	35,278	5,090	(146,199)
Total human services	487,998	477,012			500,450
Natural resources and recreation	306,612	299,269	46,383	14,811	330,841
Depreciation	(61,973)	(58,280)	6,145	374	(64,051)
Total natural resources and recreation	244,639	240,989			266,790
Transportation	155,106	145,409	45,490	8,141	182,758
Depreciation	(63,609)	(58,763)	8,619	2,498	(64,884)
Total transportation	91,497	86,646			117,874
Education	1,967,851	1,882,823	231,618	52,846	2,061,595
Depreciation	(732,942)	(670,844)	44,641	3,161	(712,324)
Total education	1,234,909	1,211,979			1,349,271
Total General Fixed Assets	$ 2,179,940	$ 2,135,718			$ 2,375,755

** The beginning balances are restated due to capitalization level change from $300 to $1,000.*

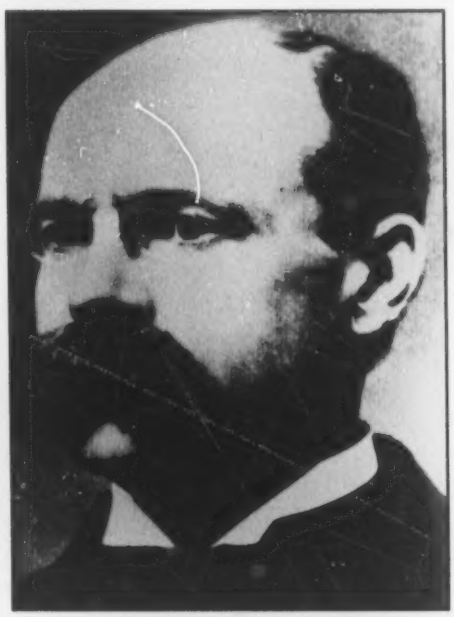
*Comparative Schedule of General Fixed Assets**
By Source
June 30, 1989 and 1988
(expressed in thousands)

	1989	1988
General Fixed Assets:		
Land	$ 302,130	$ 269,541
Buildings	1,253,502	1,165,684
Furnishings and Equipment	285,161	269,761
Other Improvements/Miscellaneous	361,723	342,458
Construction in Progress	173,239	132,496
Total General Fixed Assets	$ 2,375,755	$ 2,179,940
Investment in General Fixed Assets by Source:		
General Fund	$ 893,110	$ 815,093
Special Revenue Funds	441,304	396,775
Capital Projects Funds	1,041,341	968,072
Total Investment in General Fixed Assets	$ 2,375,755	$ 2,179,940

* *Amounts displayed are net of depreciation where appropriate.*

JOHN H. MCGRAW
GOVERNOR (1893-1897)

Born: October 4, 1850
Died: June 23, 1910



The term of Governor John H. McGraw corresponded with the severe economic depression of 1893-1897. Widespread unemployment and commercial failures were intensified by the adverse financial condition of the state, a result of excessive spending by the first sessions of the legislature. The panic of 1893 made it necessary for the state to reform its fiscal policies. Governor McGraw proposed a program of strict austerity, and to that end he cut spending in the state departments and vetoed a number of appropriations bills. Improvements followed the governor's recommendations, but in the process he lost much of his previous popularity.

In spite of the hard times, Washington made some economic progress. In 1895 over half a billion board feet of lumber was cut, nearly half of which was shipped out of state. Shipbuilding and railroad construction were both major growth industries. By 1895 more than 3,000 miles of track had been laid and Puget Sound had become renowned for its shipyards. The expansion of transportation facilities promcted agriculture and settlement. Six years after the achievement of statehood, Washington's population was approaching the half-million mark.

Following his term as governor, McGraw joined the Alaska gold rush to recoup the financial losses he had incurred during the depression years. He soon returned to Washington to become a prominent Seattle real estate and insurance entrepreneur. He was president of the Seattle Chamber of Commerce from 1905 to 1909. After his death in 1910, the citizens of Seattle erected a monument to the former Governor at McGraw Place.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, rather than in the individual funds.

Schedule of Changes in General Long-Term Obligations
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	Bonds Payable	Workers' Compensation Benefits Payable	Accrued Retirement Costs	Installments and Leases Payable	Other Long-Term Obligations	Total General Long-Term Obligations
Balances at July 1, 1988	$ 3,166,025	$ 3,164,381	$ 681,150	$ 22,059	$ 96,899	$ 7,130,514
General obligation debt issues	229,987					229,987
Actuarial decrease in workers' compensation liability		(317,050)				(317,050)
Decrease in installment contract obligations				(937)		(937)
Increase in lease obligations				3,803		3,803
Increase in compensated absences earned					7,821	7,821
Excess of actuarially determined accrued retirement costs over amounts recorded as expenditures in governmental fund types			105,250			105,250
Increase in other long-term obligations					6,843	6,843
Retirement of principal	(81,110)					(81,110)
Balances at June 30, 1989	$ 3,314,902	$ 2,847,331	$ 786,400	$ 24,925	$ 111,563	$ 7,085,121

SCHEDULES

STATE OF WASHINGTON

Schedule of Revenues and Other Sources (Uses) - All Governmental Fund Types
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	GOVERNMENTAL FUND TYPES				TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	YEAR ENDED JUNE 30, 1989	YEAR ENDED JUNE 30, 1988
TAXES:						
Retail sales	$ 2,676,367	$	$	$	$ 2,676,367	$ 2,452,967
Business and occupation	1,009,177				1,009,177	897,550
Use (compensating)	197,251				197,251	176,413
Motor vehicle and fuel	1,952	451,681			453,633	435,086
Liquor, beer, and wine	71,198	9,506			80,704	79,926
Cigarette and tobacco	93,984	35,720			129,704	129,722
Insurance premiums	88,773				88,773	91,636
Public utility	145,507				145,507	161,764
Pari-mutuels and amusements	4,492	5,046			9,538	8,964
Property	637,784				637,784	617,741
Motor vehicle excise	307,588	45,621			353,209	320,381
Other excise	189,626	7,940			197,566	155,205
Gift and inheritance	17,328				17,328	18,845
Other taxes	107,679	24,588			132,267	96,868
Subtotal	5,548,706	580,102			6,128,808	5,643,068
TAX CREDITS:						
Business and occupation	(8,848)				(8,848)	(10,251)
Other tax credits	(4,618)				(4,618)	(1,144)
Total Taxes	5,535,240	580,102			6,115,342	5,631,673
LICENSES, PERMITS, AND FEES:						
Business and professions	31,973	4,928			36,901	37,229
Hunting and fishing	4,125	18,930			23,055	21,892
Motor vehicle	3,219	161,528			164,747	155,976
Motor vehicle operators	3,301	13,063			16,364	16,228
Other fees	15,160	51,763			66,923	56,662
Total Licenses, Permits, and Fees	57,778	250,212			307,990	287,987
FEDERAL GRANTS-IN-AID:						
Health and human sevices	1,034,054	147,917			1,181,971	1,022,892
Department of labor	64,288	63,051			127,339	123,049
Department of agriculture	154,313	16,489			170,802	128,993
Department of transportation	2,809	394,812			397,621	350,562
Department of education	141,908	26,896	164		168,968	153,923
Other federal grants-in-aid	70,123	109,038		2	179,163	167,479
Total Federal Grants-in-Aid	1,467,495	758,203	164	2	2,225,864	1,946,898
CHARGES FOR SERVICES:						
Tuition and student fees	147,301	53,271		14,540	215,112	202,618
Other charges	59,784	78,750			138,534	104,754
Total Charges for Services	207,085	132,021		14,540	353,646	307,372
MISCELLANEOUS REVENUE:						
Earnings on investments	55,997	51,464	8,488	1,836	117,785	81,707
Property and timber management	73,457	98,808	92	9,276	181,633	143,137
Fines and forfeitures	35,770	8,992			44,762	40,900
Contributions and grants	19,777	87,423		98	107,298	90,100
Other	5,485	51,995	3,000		60,480	68,869
Total Miscellaneous Revenue	190,486	298,682	11,580	11,210	511,958	424,713
Total Revenues	7,458,084	2,019,220	11,744	25,752	9,514,800	8,598,643
OTHER FINANCING SOURCES (USES):						
Bond sale proceeds		157,100		72,887	229,987	370,550
Proceeds of refunding bonds			383,702		383,702	
Payment to refunded bond escrow agent			(383,702)		(383,702)	
Note proceeds				5,732	5,732	
Operating transfers in	281,891	77,086	396,719	48,400	804,096	866,144
Operating transfers out	(383,262)	(207,406)	(53,680)	(32,510)	(676,858)	(725,102)
Capital lease acquisitions	3,655	177			3,832	6,880
Total Other Financing Sources(Uses)	(97,716)	26,957	343,039	94,509	366,789	518,472
TOTAL REVENUES AND OTHER FINANCING SOURCES (USES)	$ 7,360,368	$ 2,046,177	$ 354,783	$ 120,261	$ 9,881,589	$ 9,117,115

STATE OF WASHINGTON

Schedule of Expenditures - All Governmental Fund Types
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	GOVERNMENTAL FUND TYPES				TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	YEAR ENDED JUNE 30, 1989	YEAR ENDED JUNE 30, 1988
BY FUNCTION						
General government	$ 457,199	$ 201,195	$ 352,234	$ 22,516	$ 1,033,144	$ 949,003
Human services	2,817,750	95,685	.....	33,000	2,946,435	2,606,027
Natural resources and recreation	235,841	177,064	.....	8,559	421,464	347,019
Transportation	38,533	856,745	.....	400	895,678	853,733
Education	3,589,006	577,537	.....	156,770	4,323,313	3,935,817
TOTAL EXPENDITURES	$7,138,329	$1,908,226	$ 352,234	$ 221,245	$ 9,620,034	$ 8,691,599
BY OBJECT						
Salaries and wages:						
Higher education	$ 555,028	$ 232,369	$.....	$ 1,222	$ 788,619	$ 729,157
All other	708,291	299,028	.....	2,316	1,009,635	934,032
Total Salaries and Wages	1,263,319	531,397	.....	3,538	1,798,254	1,663,189
Personal services	31,519	27,565	.....	348	59,432	44,698
Goods and services	458,919	301,874	.....	15,186	775,979	676,350
Travel	32,324	28,926	.....	178	61,428	53,080
Employee benefits	308,557	116,463	.....	756	425,776	356,952
Grants and subsidies:						
K-12 basic education	2,676,822	.....	.....	.....	2,676,822	2,556,135
Public assistance	1,781,062	7,137	.....	1,055	1,789,254	2,004,337
Other miscellaneous	466,253	320,257	.....	6,047	792,557	275,699
Total Grants and Subsidies	4,924,137	327,394	.....	7,102	5,258,633	4,836,171
Other charges and credits	18,548	8,888	.....	3,087	30,523	11,438
Capital outlays:						
Equipment	79,641	53,557	.....	5,185	138,383	95,809
All other	11,394	504,286	.....	185,172	700,852	609,703
Total Capital Outlays	91,035	557,843	.....	190,357	839,235	705,512
Debt Service:						
Principal	8,725	6,401	128,920	357	144,403	126,204
Interest	1,246	1,475	223,314	336	226,371	218,005
Total Debt Service	9,971	7,876	352,234	693	370,774	344,209
TOTAL EXPENDITURES	$7,138,329	$1,908,226	$ 352,234	$ 221,245	$ 9,620,034	$ 8,691,599

STATE OF WASHINGTON

Schedule of Refunded and Defeased Long-Term Debt
Governmental Debt Schedule
June 30, 1989
(expressed in thousands)

Bond Issue Name	Authorized	Authorized Not Issued	Issued	Redeemed	Outstanding June 30, 1989
County-City Urban Arterials.."Series II"..	$ 25,405	$.....	$ 25,405	$ 1,690	$ 23,715
Capitol Campus Facilities 1975 "Series J".	3,275	.....	3,275	375	2,900
Common School Plant Facilities "Series AC"	17,540	.....	17,540	720	16,820
Common School Plant Facilities "Series BC"	29,510	.....	29,510	.....	29,510
Community Colleges 1981....."Series AK"..	6,910	.....	6,910	1,155	5,755
Comm. Coll. Construction 1979 "Series X"..	11,860	.....	11,860	1,120	10,740
County-City Urban Arterials.."Series AI"..	8,540	.....	8,540	.....	8,540
Ferry System Vessels, 1977...."Series B"..	69,550	.....	69,550	4,270	65,280
Fire Service Training Center "Series AE"..	700	.....	700	.....	700
Fire Service Training Center "Series AS"..	3,160	.....	3,160	.....	3,160
Fisheries Capital Projects..."Series AN"..	6,010	.....	6,010	1,245	4,765
Fisheries Facilities, 1979...."Series Y"..	2,560	.....	2,560	.....	2,560
Fisheries Facilities 1983...."Series AX"..	990	.....	990	.....	990
Handicapped Facilities 1979.."Series AI"..	20,790	.....	20,790	1,880	18,910
Higher Education 1979....."Series V"..	6,755	.....	6,755	430	6,325
Higher Education 1981....."Series AQ-A"..	29,030	.....	29,030	1,920	27,110
Higher Education 1981....."Series AP"..	7,095	.....	7,095	960	6,135
Higher Education 1983....."Series AW"..	9,495	.....	9,495	.....	9,495
Higher Education Facilities..."Series W"..	29,180	.....	29,180	1,920	27,260
Higher Education....."Series AY"..	6,640	.....	6,640	.....	6,640
Indian Cultural Center Const "Series AR"..	530	.....	530	.....	530
I-90 Highway Projects 1979..."Series CC"..	24,860	.....	24,860	645	24,215
Jail Improvement 1979....."Series AB"..	51,755	.....	51,755	3,110	48,645
Local Jail Improvement 1981.."Series AU"..	93,125	.....	93,125	.....	93,125
Outdoor Rec. Areas/Facilities "Series AD".	6,585	.....	6,585	.....	6,585
Outdoor Rec. Areas/Facilities "Series AG".	11,385	.....	11,385	380	11,005
Performing Arts Facilities..."Series AH"..	1,415	.....	1,415	165	1,250
Public Water Supply Facilities "Series AM"	25,520	.....	25,520	960	24,560
Refunding....."Series 1984-B/CC-1"..	3,335	.....	3,335	.....	3,335
Refunding....."Series 1984-B/B-3"..	13,340	.....	13,340	.....	13,340
Refunding....."Series 1985A"..	64,385	.....	64,385	.....	64,385
Refunding....."Series R-86A"..	33,540	.....	33,540	.....	33,540
Refunding....."Series R-86C"..	46,410	.....	46,410	.....	46,410
Salmon Enhancement 1977....."Series Q"..	3,515	.....	3,515	.....	3,515
Social & Health Services 1979 "Series AA".	84,720	.....	84,720	7,075	77,645
Social & Health Services 1981 "Series AL".	129,730	.....	129,730	4,800	124,930
State Buildings & Facilites.."Series BD"..	9,415	.....	9,415	.....	9,415
State Buildings & Facilities "Series AO"..	10,420	.....	10,420	960	9,460
State Buildings & Facilities "Series AV"..	53,115	.....	53,115	.....	53,115
State Highway Projects, 1981 "Series DD"..	106,390	.....	106,390	.....	106,390
State Office Buildings....."Series Z"..	7,005	.....	7,005	805	6,200
Urban Arterial Board, 1981..."Series III".	16,670	.....	16,670	.....	16,670
Washington State Univ. 1977..."Series O"..	145	.....	145	.....	145
Waste Disposal Facilities, 1972.....	83,715	.....	83,715	8,365	75,350
Waste Disposal Facilities 1980 "Series AJ"	118,305	.....	118,305	2,885	115,420
Water Supply Facilities 1972.....	4,040	.....	4,040	.....	4,040
Water Supply Facilities 1979 "Series AF"..	9,335	.....	9,335	1,500	7,835
TOTAL GOVERNMENTAL.....	$ 1,307,700	$.....	$ 1,307,700	$ 49,335	$ 1,258,365
TOTAL RETAINED IN ESCROW.....	$ 1,307,700	$.....	$ 1,307,700	$ 49,335	$ 1,258,365

NOTE: Total retained in escrow is secured by U.S. government obligations, and is excluded from debt totals.

STATE OF WASHINGTON

Schedule of Refunded and Defeased Long-Term Debt
Proprietary Debt Schedule
June 30, 1989
(expressed in thousands)

Bond Issue Name	Authorized	Authorized Not Issued	Issued	Redeemed	Outstanding June 30, 1989
Convention & Trade Center:					
Series AT-1	$ 83,095	$	$ 83,095	$	$ 83,095
Total Convention & Trade Center	83,095		83,095		83,095
State Board for Community Colleges:					
1972, Series A	10,000		10,000	3,515	6,485
1972, Series C	10,000		10,000	3,315	6,685
Total State Board for Community Colleges	20,000		20,000	6,830	13,170
Eastern Washington University:					
1965, Series A	2,955		2,955	1,915	1,040
1972, Series C	2,600		2,600	1,390	1,210
Total Eastern Washington University	5,555		5,555	3,305	2,250
Central Washington University:					
1966, Series A	2,900		2,900	1,865	1,035
1973, Series C	3,025		3,025	2,700	325
Total Central Washington University	5,925		5,925	4,565	1,360
Western Washington University:					
1965, Series A	3,850		3,850	2,490	1,360
1968, Series B	1,250		1,250	610	640
1973, Series D	4,720		4,720	1,985	2,735
Total Western Washington University	9,820		9,620	5,085	4,735
The Evergreen State College:					
1975, Series C	1,032		1,032		1,032
Total The Evergreen State College	1,032		1,032		1,032
Washington State University:					
1963, Series A	4,580		4,580	3,400	1,180
1966	2,875		2,875	1,880	995
1969, Series A	2,890		2,890	1,203	1,687
1969, Series B	2,855		2,855	1,855	1,000
1972, Series A	5,500		5,500	2,010	3,490
1974	750		750	410	340
Total Washington State University	19,450		19,450	10,758	8,692
University of Washington:					
1960, Series C	2,000		2,000	1,875	125
1961, Series D	3,000		3,000	2,493	507
1962, Series E	3,000		3,000	2,493	507
1964, Series F	1,500		1,500	1,095	405
1965, Series G	5,250		5,250	3,730	1,520
1967, Series H	3,200		3,200	2,050	1,150
1967, Series I	1,800		1,800	1,100	700
1969, Series J	4,000		4,000	1,705	2,295
1966, Parking System Revenue	2,500		2,500	1,230	1,270
1969, Parking System Revenue	3,500		3,500	1,090	2,410
1980, Housing and Dining Revenue Bonds	6,115		6,115		6,115
Higher Education-UW Hospital "Series AQ/B"	45,380		45,380	1,340	44,040
Total University of Washington	81,245		81,245	20,201	61,044
TOTAL PROPRIETARY	$ 226,122	$	$ 226,122	$ 50,744	$ 175,378
TOTAL RETAINED IN ESCROW	$ 226,122	$	$ 226,122	$ 50,744	$ 175,378

NOTE: Total retained in escrow is secured by U.S. government obligations, and is excluded from debt totals.

Detail of Bond Sale Proceeds
For the Fiscal Year Ended June 30, 1989
(expressed in thousands)

	SPECIAL REVENUE FUNDS	*BOND TYPE*	*AMOUNT*
051	State & Local Improvements Revolving Account.....	Capital-Waste Disposal Facilities.....	$ 8,000
055	State & Local Improvements Revolving Acct., 1980..	Capital-Waste Disposal Facilities.....	60,000
072	State & Local Improvements Revolving Account.....	Capital-Water Supply Facilities.....	7,000
079	Economic Development Account.....	Capital-Economic Development.....	1,320
108	Motor Vehicle Fund.....	Capital-State Highway Construction.....	68,780
112	Urban Arterial Trust Account.....	Capital-Road Construction (City and County).	12,000
	Gross Bond Proceeds - Special Revenue Funds.....		157,100
	DEBT SERVICE FUNDS		
303	Highway Bond Retirement Account.....	Refunding of Bonds.....	21,919
304	Ferry Bond Retirement Account.....	Refunding of Bonds.....	9,390
336	Waste Disposal Facilities Bond Redemption Account.	Refunding of Bonds.....	20,968
337	Water Supply Fac. and Bond Redemption Account.....	Refunding of Bonds.....	4,806
351	Indian Cultural Ctr. Bond Redempt. Account, 1976..	Refunding of Bonds.....	621
360	St. Higher Education Bond Ret. Account, 1977.....	Refunding of Bonds.....	5,139
365	Higher Education Bond Retirement Account.....	Refunding of Bonds.....	7,565
369	Fire Service Trng. Ctr. Bond Retirement, 1977.....	Refunding of Bonds.....	3,705
372	St. General Obligation Bond Ret. Account, 1979....	Refunding of Bonds.....	309,589
	Gross Bond Proceeds - Debt Service Funds.....		383,702
	CAPITAL PROJECTS FUNDS		
01L	Higher Education Construction Account.....	Capital-Higher Education.....	13,000
056	State Higher Education Construction Account.....	Capital-Higher Education.....	5,000
057	State Building Construction Account.....	Capital-State Bldgs. & Facilities.....	38,887
067	Higher Education Reimbursement Bond Account.....	Capital-Higher Education.....	4,000
075	State Social & Health Services Construction Acct..	Capital-DSHS/Corrections Facilities.....	9,000
088	State Facilities Renewal Account.....	Capital-State Facilities Renewal.....	3,000
	Gross Bond Proceeds - Capital Projects Funds.....		72,887
	Total Bond Proceeds - All Governmental Funds.....		$ 613,689

STATISTICAL SECTION

Revenues, Expenditures, and Other Financing Sources (Uses)
All Governmental Fund Types
Fiscal Years 1980 through 1989
(dollars in millions)

Table 1

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
REVENUES:										
Taxes:										
Retail sales	$ 2,676.4	$ 2,453.0	$ 2,296.2	$ 2,160.7	$ 2,009.7	$ 1,970.7	$ 1,655.1	$ 1,376.3	$ 1,163.4	$ 1,113.1
Business and occupation	1,009.2	897.6	776.6	737.8	731.5	678.0	576.7	522.8	448.6	396.6
Compensating	197.2	176.4	167.1	165.7	178.2	148.9	120.3	106.3	97.8	94.5
Motor vehicle and fuel	453.6	435.1	446.0	398.0	371.7	339.8	240.7	259.8	246.8	254.6
Alcoholic beverages	80.7	79.9	80.1	81.3	81.8	84.7	85.7	80.8	77.8	63.5
Tobacco	129.7	129.7	129.3	107.3	97.4	99.0	104.5	94.2	80.3	65.0
Insurance premiums	88.8	91.6	89.8	76.3	63.1	54.8	52.0	45.4	59.2	42.1
Utility	145.5	161.8	162.1	163.7	151.6	129.6	164.5	139.5	107.5	106.0
Property	637.8	617.7	580.5	544.8	503.1	472.3	447.9	397.9	354.9	322.9
Excise	550.8	475.6	447.9	363.9	325.3	313.6	256.7	215.8	171.7	148.6
Gift and inheritance	17.3	18.8	22.2	17.6	20.4	20.2	28.1	56.2	54.3	54.6
Other (less credits)	128.3	94.5	93.6	87.1	72.7	4.6	32.3	19.6	87.5	78.6
Total taxes	6,115.3	5,631.7	5,291.4	4,904.2	4,606.5	4,316.2	3,764.5	3,314.6	2,949.8	2,740.1
Licenses, permits, & fees	308.0	288.0	259.5	228.6	222.0	213.2	209.4	181.3	150.6	142.8
Federal grants-in-aid	2,225.9	1,946.9	1,831.2	1,684.0	1,650.6	1,337.0	1,309.0	1,283.2	1,505.3	1,108.7
Charges and misc. revenue	747.8	650.3	617.5	595.5	543.2	511.2	446.7	432.1	663.8	672.8
Earnings on investments	117.8	81.7	81.7	100.0	119.5	89.6	88.8	95.8	88.1	116.1
Total revenues	9,514.8	8,598.6	8,081.3	7,512.3	7,141.8	6,467.2	5,818.4	5,307.0	5,357.6	4,780.5
EXPENDITURES:										
Current:										
General government	641.7	589.7	611.1	605.0	644.5	658.6	543.4	329.4	632.3	626.5
Human services	2,893.9	2,566.4	2,478.9	2,161.3	2,057.4	1,894.0	1,657.1	1,469.4	1,518.3	1,309.2
Natural resources/rec	388.0	326.9	328.8	306.5	262.0	238.6	204.2	194.6	190.5	166.1
Transportation	476.5	468.1	477.5	455.8	462.7	361.5	354.4	365.9	638.9	563.6
Education	4,009.9	3,690.7	3,483.8	3,268.0	3,040.7	2,838.7	2,752.2	2,664.9	2,338.1	2,036.6
Capital outlay	839.2	705.5	688.2	612.0	681.2	491.5	618.2	553.1	368.3	197.5
Debt service	370.8	344.2	311.4	296.1	442.0	250.4	196.7	176.4	136.1	129.1
Total expenditures	9,620.0	8,691.5	8,379.7	7,704.7	7,590.5	6,733.3	6,326.2	5,753.7	5,822.5	5,028.6
Revenues over (under) expenditures	(105.2)	(92.9)	(298.4)	(192.4)	(448.7)	(266.1)	(507.8)	(446.7)	(464.9)	(248.1)
OTHER FINANCING SOURCES (USES):										
Bond sale proceeds	230.0	370.6	281.5	304.6	325.7	439.1	237.1	391.1	239.1	144.4
Note proceeds	5.7	.....	.....	.....	.....	.....	.....	.....	.....	.....
Operating transfer in(out)	127.2	141.0	136.1	97.4	109.0	115.5	113.7	(47.2)	30.8	33.3
Capital lease acquisitions	3.8	6.9	6.4	1.6	11.7	2.7	2.9	.....	.....	.....
Net other financing sources (uses)	366.7	518.5	424.0	403.6	446.4	557.3	353.7	343.9	269.9	177.7
Operating revenues and other financing sources over (under) expenditures & other financing uses	$ 261.5	$ 425.6	$ 125.6	$ 211.2	$ (2.3)	$ 291.2	$ (154.1)	$ (102.8)	$ (195.0)	$ (70.4)

Notes: Data for FY 1980 to FY 1981 is per State of Washington Central Accounting System, Non-GAAP Budgetary Basis.
Data for FY 1982 to FY 1989 is per State of Washington Annual Financial Reporting System, GAAP Basis.

STATE OF WASHINGTON

Revenues, Expenditures, and Other Financing Sources (Uses)
General Fund
Fiscal Years 1980 through 1989
(dollars in millions)

Table 2

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
REVENUES:										
Taxes:										
Retail sales	$ 2,676.3	$ 2,453.0	$ 2,296.2	$ 2,160.7	$ 1,968.8	$ 1,927.9	$ 1,610.7	$ 1,341.4	$ 1,125.5	$ 1,074.6
Business and occupation	1,009.2	897.6	776.6	737.8	731.5	678.0	576.7	522.8	448.6	396.6
Compensating	197.2	176.4	167.1	165.7	178.2	148.9	120.3	106.3	97.8	94.4
Alcoholic beverages	71.2	70.7	71.3	72.2	73.2	75.7	76.6	70.8	67.1	55.1
Tobacco	94.0	95.7	95.7	96.6	97.4	99.0	104.4	94.2	80.3	62.6
Insurance premiums	88.8	91.6	89.8	76.3	63.1	54.8	52.0	45.4	59.2	42.1
Utility	145.5	161.8	157.4	163.7	151.6	129.6	164.5	139.5	107.6	106.0
Property	637.8	617.7	580.5	544.8	503.1	472.3	447.9	397.9	354.9	322.9
Excise	497.2	429.3	417.5	337.7	277.3	248.9	233.2	193.5	149.1	129.8
Gift and inheritance	17.3	18.8	22.2	17.6	20.4	20.2	28.1	56.2	54.3	54.6
Other (less credits)	100.7	85.8	95.9	85.4	71.0	1.2	32.7	19.9	84.7	77.8
Total taxes	5,535.2	5,098.4	4,770.2	4,458.5	4,135.6	3,856.5	3,447.1	2,987.9	2,629.1	2,416.5
Licenses, permits, & fees	57.8	54.4	49.5	40.8	37.9	36.3	34.2	30.0	25.3	21.7
Federal grants-in-aid	1,467.5	1,285.1	1,188.9	1,038.3	1,005.1	832.0	761.9	758.4	893.6	613.3
Charges and misc. revenue	341.5	285.8	282.0	249.3	215.3	217.6	182.1	184.5	270.1	152.0
Earnings on investments	56.0	28.9	29.1	25.2	32.2	31.5	26.3	28.4	18.2	54.0
Total Revenues	7,458.0	6,752.6	6,319.7	5,812.1	5,426.1	4,973.9	4,451.6	3,989.2	3,836.3	3,257.5
EXPENDITURES:										
Current:										
General government	441.0	394.2	432.3	433.9	509.7	521.9	420.0	211.4	362.2	359.9
Human services	2,797.7	2,478.7	2,382.3	2,070.2	1,940.4	1,753.0	1,593.0	1,414.2	1,435.5	1,246.8
Natural resources/rec	220.6	185.5	182.5	166.5	137.7	118.1	154.7	152.8	81.2	71.1
Transportation	34.6	30.5	27.2	22.8	20.8	16.2	16.4	16.7	15.5	10.0
Education	3,543.4	3,290.1	3,088.3	2,923.1	2,640.2	2,488.2	2,361.5	2,329.6	1,928.1	1,755.0
Capital outlay	91.0	58.7	73.8	40.6	55.1	41.7	45.0	31.3	1.0	1.8
Debt service	10.0	12.1	6.5	4.8	6.0	13.4	0.7	18.1	.....	.....
Total expenditures	7,138.3	6,449.8	6,192.9	5,661.9	5,309.9	4,952.5	4,591.3	4,174.1	3,823.5	3,444.6
Revenues over (under) expenditures	319.7	302.8	126.8	150.2	116.2	21.4	(139.7)	(184.9)	12.8	(187.1)
OTHER FINANCING SOURCES (USES):										
Bond sale proceeds	.....	.....	.....	.....	.....	.....	103.1	117.0	.....	.....
Operating transfer in(out)	(101.4)	(94.5)	(69.0)	(68.3)	39.8	29.9	40.7	(8.4)	20.5	27.2
Capital lease acquisitions	3.7	6.5	5.3	1.5	4.6	1.2	.....	.....	.....	.....
Net other financing sources (uses)	(97.7)	(88.0)	(63.7)	(66.8)	44.4	31.1	143.8	108.6	20.5	27.2
Operating revenues and other financing sources over (under) expenditures & other financing uses	$ 222.0	$ 214.8	$ 63.1	$ 83.4	$ 160.6	$ 52.5	$ 4.1	$ (76.3)	$ 33.3	$ (159.9)

Notes: Data for FY 1980 to FY 1981 is per State of Washington Central Accounting System, Non-GAAP Budgetary Basis.
Data for FY 1982 to FY 1989 is per State of Washington Annual Financial Reporting System, GAAP Basis.

Property Tax Levies and Collections
Calendar Years 1979 through 1988
(dollars in millions)

Table 3A

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Total property tax levies	$2,146	$2,042	$1,784	$1,678	$1,509	$1,434	$1,243	$1,129	$1,007	$1,064
Current tax collections	$2,058	$1,945	$1,693	$1,591	$1,438	$1,369	$1,180	$1,062	$947	$1,010
Delinquent tax collections	87	83	72	65	62	77	65	59	44	56
Total Tax Collections	$2,145	$2,028	$1,765	$1,656	$1,500	$1,446	$1,245	$1,121	$991	$1,066
Outstanding delinquent taxes	$74	$68	$61	$53	$46	$48	$62	$58	$57	$46
Percent of current taxes collected	95.9%	95.2%	94.9%	94.8%	95.3%	95.5%	94.9%	94.1%	94.0%	94.9%
Ratio of total tax collections to tax levy	100.0%	99.3%	98.9%	98.7%	99.4%	100.8%	100.2%	99.3%	98.4%	100.2%
Ratio of delinquent taxes to total tax levy	3.4%	3.3%	3.4%	3.2%	3.0%	3.3%	5.0%	5.1%	5.7%	4.3%

Source: Tax Statistics, Washington State Department of Revenue.

Assessed and Estimated Actual Value of Property
Calendar Years 1979 through 1988
(dollars in millions)

Table 3B

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Real Property										
Assessed value	$154,427	$145,659	$142,627	$136,329	$132,488	$125,661	$120,483	$102,588	N/A	N/A
Estimated actual value	159,678	153,129	148,691	143,611	140,580	135,255	133,106	122,859	N/A	N/A
Personal Property										
Assessed value	16,738	16,579	16,103	16,117	15,709	15,106	22,930	20,712	N/A	N/A
Estimated actual value	17,323	17,169	16,560	16,736	16,415	15,744	23,787	21,607	N/A	N/A
Total										
Assessed value	171,165	162,238	158,730	152,446	148,197	140,767	143,413	123,300	109,874	76,792
Estimated actual value	177,001	170,298	165,251	160,347	156,995	150,999	156,893	144,466	127,698	103,916
Ratio of total assessed value to Total estimated actual value	96.7%	95.3%	96.1%	95.1%	94.4%	93.2%	91.4%	85.3%	86.0%	73.9%

Note: N/A indicates data not available.

Source: Tax Statistics, Washington State Department of Revenue.

Property Tax Levies
Overlapping Governments
Calendar Years 1979 through 1988
(dollars in millions)

Table 3C

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
State	$616	$595	$561	$525	$477	$441	$405	$371	$336	$305
Local school districts	561	537	403	410	361	361	278	246	227	365
Counties	416	386	354	325	302	281	257	234	211	186
Cities and towns	296	280	248	222	198	190	168	156	137	127
Other districts	257	244	218	196	171	161	135	122	96	81
Total Property Tax Levies	$2,146	$2,042	$1,784	$1,678	$1,509	$1,434	$1,243	$1,129	$1,007	$1,064

Source: Tax Statistics, Washington State Department of Revenue.

Property Value and Construction
Calendar Years 1979 through 1988
(dollars in millions)

Table 4A

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Property Value:										
Assessed value	$171,165	$162,238	$158,730	$152,446	$148,197	$140,767	$143,413	$123,300	$109,874	$ 76,792
Exemptions:										
Senior citizen	$ 1,750	$ 1,393	$ 1,437	$ 1,469	$ 1,426	$ 1,231	$ 852	$ 966	$ 943	$ 947
Head of household	7	7	8	9	10	14	15	16	17	17
Total Exemptions	$ 1,757	$ 1,400	$ 1,445	$ 1,478	$ 1,436	$ 1,245	$ 867	$ 982	$ 960	$ 964
New Construction:										
Value	$ 4,978	$ 3,687	$ 3,724	$ 3,162	$ 3,303	$ 2,580	$ 3,603	$ 3,489	$ 3,933	$ 3,574

Source: Tax Statistics, Washington State Department of Revenue.

Residential Building Activity
Calendar Years 1979 through 1988
(dollars in millions)

Table 4B

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Residential Building Activity:										
Permits	45,055	38,341	36,434	35,474	30,391	27,248	17,559	24,384	33,043	51,566
Valuations	$2,668	$2,224	$2,043	$1,794	$1,556	$1,537	$860	$1,160	$1,373	$1,923

Source: U.S. Department of Commerce, Bureau of the Census.

Principal Taxpayers
For the Fiscal Year Ended June 30, 1989
(dollars in millions)

Table 4C

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
The Boeing Company	Aerospace	$2,201	1.29%
Pacific Northwest Bell	Telecommunications	2,024	1.18%
Puget Sound Power and Light	Public Utility	992	0.58%
Weyerhaeuser Company	Wood Products	834	0.49%
General Telephone Company	Telecommunications	655	0.38%
James River of Nevada	Paper Mill	502	0.29%
Martin Selig Real Estate	Real Estate	500	0.29%
Washington Water Power	Utility	436	0.25%
Longview Fibre	Paper and Pulp	419	0.24%
Burlington Northern	Rail Transportation	412	0.24%
Totals		$8,975	5.24%

Note: As of December 1988, the Total Assessed Property Valuation for Washington State was $171,165 million; taxes are due in 1989.

Source: Information from thirty-two of the thirty-nine counties in the state of Washington, including the top ten counties.

Accrued State Retail Sales Tax*
Calendar Years 1979 through 1988
(dollars in millions)

Table 5A

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Sales Subject to Retail Sales Tax:										
Gross	$56,683	$51,988	$48,498	$47,181	$44,204	$40,171	$38,947	$41,150	$40,551	$35,669
Taxable	39,298	35,798	33,902	31,272	30,346	29,040	27,597	25,737	24,405	23,672
Accrued State Retail Sales Tax*	2,554	2,327	2,204	2,033	1,957	1,826	1,496	1,177	1,098	1,076

*State tax only, excludes accrued local sales tax revenues.

Source: Quarterly Business Review, Washington State Department of Revenue.

Computation of Legal Debt Margin
June 30, 1989
(dollars in millions)

Table 5B

Three year mean, general state revenues	$	4,052
Legal Debt Margin:		
Debt service limitation (7 percent of above)	$	284
Less: Projected maximum annual debt service of outstanding bonds (Schedule 2A)		224
Uncommitted Portion of Debt Service Limitation	$	60
Remaining state general obligation debt capacity	$	583
Plus - Debt outstanding		2,044
Maximum Debt Authorization Subject to Limitation	$	2,627

Source: Office of the State Treasurer - Certification of the Debt Limitation of the State of Washington for Fiscal Year 1989.

Domestic Financial Institutions Deposits
Calendar Years 1979 through 1988
(dollars in millions)

Table 5C

Financial Institutions	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
National Banks (1)	$23,650	$21,536	$21,859	$21,326	$18,224	$16,850	$16,284	$16,269	$17,302	$14,721
Percent change	9.8	(1.5)	2.5	17.0	8.2	3.5	0.1	(6.0)	17.5	21.1
State Chartered Banking Institutions (2):										
Commercial Banks	$4,025	$4,138	$4,074	$3,778	$3,881	$3,564	$3,028	$2,788	$2,741	$2,637
Percent change	(2.7)	1.6	7.8	(2.7)	8.9	17.7	8.6	1.7	3.9	15.0
Mutual Savings Banks	$6,947	$5,972	$4,873	$4,089	$4,796	$4,537	$3,601	$3,905	$4,060	$3,867
Percent change	16.3	22.6	19.2	(14.7)	5.7	26.0	(7.8)	(3.8)	5.0	6.4
Branches of Foreign Banks	$584	$791	$843	$499	$563	$630	$466	$412	$322	$419
Percent change	(26.2)	(6.2)	68.9	(11.4)	(10.6)	35.2	13.1	28.0	(23.2)	15.7
Federal Chartered Credit Unions (3)	$1,774	$1,465	$1,257	$1,070	$1,061	$850	$740	$650	$644	$599
Percent change	21.1	16.5	17.5	0.8	24.8	14.9	13.8	0.9	7.5	6.8
Federal Chartered Home Loan Banks (4)	N/A	$9,506	$9,891	$9,704	$9,111	$8,330	$7,000	$5,700	$5,700	$5,400
Percent change	N/A	(3.9)	1.9	6.5	9.4	19.0	22.8	0.0	5.6	5.9
State Chartered Credit Unions (5)	$3,425	$3,184	$2,983	$2,265	$1,673	$1,556	$1,287	$1,062	$1,036	$906
Percent change	7.6	6.7	31.7	35.4	7.5	20.9	21.2	2.5	14.3	0.8
State Chartered Savings and Loan Assns. (5)	$1,908	$2,222	$2,091	$1,919	$1,482	$1,374	$1,251	$1,674	$1,741	$1,598
Percent change	(14.1)	6.3	9.0	29.5	7.9	9.8	(25.3)	(3.8)	8.9	12.5

Sources: (1) Comptroller of the Currency, Washington D.C.
(2) Washington State Department of General Administration, Division of Banking and Consumer Finance.
(3) Washington Credit Union League, Seattle, Washington.
(4) N/A Indicates data not available from Federal Home Loan Bank, Seattle, Washington.
(5) Washington State Department of General Administration, Division of Savings and Loan Associations.

Ratio of Net General and Limited Obligation Bonded Debt To Assessed Value and Net General and Limited Obligation Bonded Debt Per Capita Fiscal Years 1982 through 1989

Table 6A

	1989	1988	1987	1986	1985	1984	1983	1982
Population (in thousands)	4,661	4,565	4,481	4,420	4,384	4,328	4,285	4,264
Assessed Value (in millions)	$178,293	$171,165	$162,238	$158,730	$152,446	$148,197	$140,767	$143,413
Net Bonded Debt (in millions):								
Gross Bonded Debt	$3,315	$3,166	$2,909	$2,705	$2,398	$2,282	$2,007	$1,675
Less:								
Debt Service Fund	88	85	68	65	56	61	54	66
Net Bonded Debt	$3,227	$3,081	$2,841	$2,640	$2,342	$2,221	$1,953	$1,609
Ratio of Net Bonded Debt to Assessed Value	1.81%	1.80%	1.75%	1.66%	1.54%	1.50%	1.39%	1.12%
Net Bonded Debt Per Capita	$692	$675	$634	$597	$534	$513	$456	$377

Note: GAAP financial statements have only been issued by Washington State since 1982; data reported is limited to that time period.

Selected Financial Ratios Calendar Years 1979 through 1988

Table 6B

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
State bond debt per capita	$758	$715	$684	$615	$580	$527	$439	$357	$318	$333
State bond debt/percent of personal income	4.52%	4.51%	4.55%	4.35%	4.30%	4.14%	3.63%	3.17%	3.09%	3.50%
Total debt service/percent of personal income	0.47%	0.47%	0.46%	0.56%	0.81%	0.39%	1.16%	0.53%	0.29%	0.32%
State bond debt/percent of market value of taxable property	1.96%	1.88%	1.83%	1.68%	1.60%	1.50%	1.19%	1.04%	1.03%	1.27%
Factors:				1						
Population (thousands)(1)	4,565	4,481	4,420	4,384	4,328	4,285	4,264	4,227	4,132	3,979
Personal income (in millions) (2)	$76,537	$70,993	$66,472	$62,032	$58,416	$54,552	$51,548	$47,600	$42,510	$37,878
Total debt service (in millions) (3)	$363	$334	$308	$350	$475	$213	$599	$252	$125	$120
Market value of taxable property (in millions)(4)	$177,001	$170,298	$165,251	$160,347	$156,995	150,999	$156,893	$144,466	$127,698	$103,916
State bond debt (in millions) (3)	$3,461	$3,205	$3,022	$2,696	$2,511	$2,259	$1,870	$1,509	$1,312	$1,324

Note: Inventory removed from tax base in 1983.

Sources: (1) Washington State Office of Financial Management, 1989 Population Trends for Washington State.
(2) Office of the Forecast Council, June 1989.
(3) Washington Office of State Treasurer, January 1989.
(4) Washington State Department of Revenue.

Ratio of Annual Debt Service to Expenditures
All Governmental Fund Types
Fiscal Years 1980 through 1989
(dollars in millions)

Table 7A

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Principal	$ 144.4	$ 126.2	$ 111.5	$ 86.8	$ 86.4	$ 73.2	$ 60.9	$ 57.3	$ 54.6	$ 52.2
Interest	226.4	218.0	199.8	209.5	193.8	177.1	135.8	119.1	81.5	76.9
Total Debt Service (1)(2)	$ 370.8	$ 344.2	$ 311.3	$ 296.3	$ 280.2	$ 250.3	$ 196.7	$ 176.4	$ 136.1	$ 129.1
Total Governmental Funds Expenditures (1)(2)(3)	$9,620.0	$8,691.5	$8,379.7	$7,704.7	$7,590.5	$6,733.3	$6,326.2	$5,753.7	$5,822.4	$5,028.6
Ratio Debt Service to Governmental Funds Expenditures	3.9	4.0	3.7	3.8	3.7	3.7	3.1	3.1	2.3	2.6

Notes: (1) Excludes $161.8 for refunding of bonds in FY 1985.
(2) Excludes $812.7 for refunding of bonds in FY 1986.
(3) Excludes $170.3 for refunding of bonds in FY 1987.

Revenue Bond Coverage
Fiscal Years 1985 through 1989
(dollars in millions)

Table 7B

	1989	1988	1987	1986	1985
Gross Revenues	$ 1,356	$ 1,301	$ 1,182	$ 1,191	$ 1,008
Operating Expenses	1,508	1,501	1,135	1,160	1,284
Net Revenue Available for Debt Service	$ (122)	$ (200)	$ 47	$ 31	$ (276)
Debt Service Requirements:					
Principal	$ 10	$ 7	$ 7	$ 1.5	$ 1.3
Interest	23	21	19	27	20
Total Debt Service Requirements	$ 33	$ 28	$ 26	$ 29	$ 21
Coverage Ratio	(3.70)	(7.14)	1.81	1.09	(12.96)

Note: CAFR's have only been issued by Washington State since 1985; data reported is limited to that time period.

Source: Washington State Office of the Treasurer.

Total Resident Population and Components of Change
Calendar Years 1980 through 1989
(figures in thousands)

Table 8A

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Population	4,660.7	4,565.0	4,481.1	4,419.7	4,384.1	4,328.1	4,285.1	4,264.0	4,226.6	4,132.4
Population change:										
Number	95.7	83.9	61.4	35.6	56.0	43.0	21.1	37.4	94.2	153.2
Percent	2.1	1.9	1.4	0.8	1.3	1.0	0.5	0.9	2.3	3.8
Births number	71.2	70.8	69.3	70.2	69.1	68.5	69.5	70.1	68.2	65.4
Deaths number	37.0	35.3	34.4	34.0	34.0	33.2	32.5	31.7	31.8	31.3
Net migration number	61.5	48.5	26.5	(0.6)	20.9	7.8	(15.8)	(0.9)	57.9	119.1

Notes: The 1981 estimate for the State was recalculated using 1980 population counts by age which were not available in the spring of 1981.
Births, deaths, and migration year figures are April through March.
Population figures are as of April 1 of each year.
Birth and death figures are estimated for the year 1989.

Source: Washington State Office of Financial Management, 1989 Population Trends for Washington State.

Employment Comparison
Washington vs. United States
Calendar Years 1979 through 1988
(figures in thousands)

Table 8B

Total Civilian	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Labor Force:										
Washington State	2,294	2,255	2,198	2,091	2,051	2,068	2,025	1,997	1,985	1,935
Percent change	1.7	2.6	5.1	2.0	(0.8)	2.1	1.4	0.6	2.6	7.1
United States	121,700	119,800	117,800	115,464	113,531	111,518	110,246	108,671	106,973	104,961
Percent change	1.6	1.7	2.0	1.7	1.8	1.2	1.4	1.6	1.9	2.7
Employment:										
Washington State	2,153	2,085	2,018	1,921	1,857	1,838	1,779	1,806	1,828	1,805
Percent change	3.3	3.3	5.0	3.5	1.0	3.3	(1.5)	(1.2)	1.3	7.2
United States	115,000	112,400	109,600	107,154	105,005	100,824	99,531	100,396	99,303	98,825
Percent change	2.3	2.6	2.3	2.0	4.1	1.3	(0.9)	1.1	0.5	2.9

Sources: Washington State Department of Employment Security.
U.S. Department of Labor, Bureau of Labor Statistics.
Washington State Department of Revenue.

Labor Force and Employment by Sector
Calendar Years 1979 through 1988
(figures in thousands)

Table 9A

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE (1)										
Civilian labor force.....	2,294.0	2,255.2	2,198.0	2,091.0	2,050.8	2,068.4	2,024.6	1,996.7	1,984.6	1,935.4
Unemployment.....	140.9	170.4	180.2	169.8	193.6	230.5	245.7	190.8	156.6	130.3
Total Employment.....	2,153.1	2,084.8	2,017.8	1,921.2	1,857.2	1,837.9	1,778.9	1,805.9	1,828.0	1,805.1
Unemployment percentage rate.....	6.1%	7.6%	8.2%	8.1%	9.4%	11.1%	12.1%	9.6%	7.9%	6.7%
NONAGRICULTURAL WAGE AND SALARY WORKERS EMPLOYED IN WASHINGTON STATE										
Manufacturing:										
Food processing.....	33.1	32.3	31.1	31.1	30.8	31.1	31.8	31.7	32.0	32.9
Lumber and wood.....	41.4	40.4	38.4	38.3	41.3	42.2	39.4	44.4	47.0	53.9
Paper and pulp.....	17.0	16.6	16.7	16.7	16.2	15.8	16.1	17.2	17.6	15.9
Chemicals.....	10.6	11.4	11.5	11.3	10.5	10.1	9.5	9.2	8.7	8.6
Metals and machinery...	55.2	51.2	51.9	51.6	51.6	47.6	50.8	53.5	54.6	54.0
Aerospace.....	101.9	92.9	84.9	76.1	66.6	65.0	74.9	79.0	79.6	72.6
Other transportation equipment.....	15.1	13.3	12.6	13.5	15.6	15.2	17.2	18.4	18.7	21.0
Other manufacturing....	65.4	60.2	57.9	56.9	55.5	51.4	49.3	49.8	50.6	50.7
Total Manufacturing..	338.8	318.3	305.0	295.5	288.1	278.4	289.0	303.2	308.8	309.6
Nonmanufacturing:										
Construction.....	95.9	88.8	84.4	80.4	79.5	74.1	76.4	90.4	92.9	104.2
Transportation, communications & utilities	101.5	98.5	96.2	93.6	91.2	87.9	89.0	90.1	91.4	89.4
Trade.....	475.1	458.0	436.4	420.6	411.5	393.8	385.4	388.2	381.4	379.1
Finance, insurance, and real estate.....	109.8	107.5	104.9	99.6	95.7	92.3	90.7	92.3	91.8	89.4
Services and misc. (2).	447.6	423.1	393.8	377.7	359.2	335.5	319.9	321.4	311.7	293.8
State and local govt...	295.3	286.6	279.8	272.8	265.7	256.4	252.2	259.9	263.0	250.7
Federal civilian govt..	71.5	70.6	69.2	70.1	68.9	67.6	66.3	66.5	67.9	64.7
Total Nonmanufact'g..	1,596.7	1,533.1	1,464.7	1,414.8	1,371.7	1,307.6	1,279.9	1,308.8	1,300.1	1,271.3
Total Wage and Salary Workers...	1,935.5	1,851.4	1,769.7	1,710.3	1,659.8	1,586.0	1,568.9	1,612.0	1,608.9	1,580.9

Notes: Figures may not total due to rounding.
(1) Average of Monthly Data.
(2) Includes Mining and Quarrying.

Source: Washington State Department of Revenue.

Average Annual Wage Rates
Calendar Years 1979 through 1988

Table 9B

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Construction.....	$24,007	$22,897	$22,502	$21,921	$22,958	$23,870	$25,389	$24,532	$22,048	$19,902
Finance, insurance and real estate.....	24,780	23,999	22,720	21,230	21,104	20,284	18,969	16,752	15,328	14,081
Federal government.....	27,293	26,482	25,561	25,506	24,850	24,563	22,750	21,213	19,662	18,881
State and local govt.....	21,015	20,340	19,647	19,013	18,012	17,320	16,766	15,776	14,273	13,138
Mining.....	31,706	29,997	29,402	27,976	28,359	26,618	25,931	23,943	22,059	20,788
Transportation, communications and utilities..	29,345	27,896	27,341	26,911	26,585	26,145	24,487	23,212	21,036	19,452
Services.....	18,772	18,143	17,382	16,759	15,875	15,563	15,121	14,457	13,197	11,944
Retail trade.....	13,032	12,324	12,158	11,954	11,808	11,645	11,179	10,608	9,938	9,335
Wholesale trade.....	26,104	24,718	24,245	23,440	23,226	22,105	21,456	20,518	18,992	17,231

Source: Washington State Department of Revenue.

Personal Income Comparison Washington vs. United States Calendar Years 1979 through 1988 (dollars in billions)

Table 10A

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
CURRENT DOLLARS										
Washington										
Amount	76.5	71.0	66.5	62.0	58.4	54.6	51.4	49.3	44.6	39.5
Percent change	7.8	6.8	7.2	6.2	7.0	6.2	4.3	10.5	12.9	15.3
United States										
Amount	4,062.1	3,780.0	3,531.1	3,325.4	3,108.8	2,838.6	2,670.8	2,520.9	2,258.5	2,034.0
Percent change	7.5	7.0	6.2	7.0	9.5	6.3	5.9	11.6	11.0	12.2
1982 CONSTANT DOLLARS										
Washington										
Amount	61.5	59.4	58.1	55.6	54.1	52.4	51.4	52.1	51.5	50.5
Percent change	3.5	2.2	4.6	2.8	3.2	1.9	(1.2)	1.2	1.8	5.6
United States										
Amount	3,262.7	3,163.8	3,088.0	2,979.0	2,877.8	2,726.8	2,671.1	2,664.5	2,607.7	2,602.6
Percent change	3.1	2.5	3.7	3.5	5.5	2.1	0.2	2.2	0.2	2.7

Source: Washington State Department of Revenue.

Personal Income by Component Calendar Years 1979 through 1988 (dollars in billions)

Table 10B

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Total personal income	76.5	71.0	66.5	62.0	58.4	54.6	51.4	49.3	44.6	39.5
Percent change	7.8	6.8	7.2	6.2	7.1	6.1	4.4	10.5	12.9	15.3
Total earnings	54.6	50.6	47.3	43.8	41.5	38.8	36.8	35.9	33.4	30.3
Percent change	7.8	6.9	8.1	5.5	7.0	5.5	2.4	7.6	10.1	15.1
Wages and salaries	44.4	40.8	38.2	35.7	33.7	31.5	30.4	29.5	26.9	24.3
Percent change	8.8	6.9	7.0	5.8	7.1	3.6	3.0	9.6	10.8	16.5
Other labor income	3.7	3.5	3.3	3.1	3.0	2.9	2.8	2.6	2.4	2.0
Percent change	6.2	5.8	6.1	1.3	3.6	4.2	8.2	9.8	16.6	17.3
Farm proprietor's income	1.1	1.2	1.1	0.7	0.9	0.9	0.6	0.8	0.7	0.6
Percent change	(11.3)	9.7	50.3	(18.1)	(4.5)	45.4	(16.6)	4.8	18.0	(5.5)
Nonfarm proprietor's income	5.4	5.1	4.8	4.3	3.8	3.4	2.9	3.0	3.3	3.4
Percent change	6.1	7.3	11.8	11.6	11.9	17.8	(3.5)	(10.1)	(0.6)	8.8
Less: Personal contributions for social insurance	3.4	3.0	2.8	2.6	2.3	2.2	2.0	1.9	1.6	1.5
Percent change	14.7	6.5	8.7	10.9	8.3	6.7	7.2	16.6	11.0	16.9
Plus: Residence adjustment	0.5	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.3
Percent change	7.6	8.5	(3.2)	14.3	(0.7)	1.7	4.7	(1.0)	17.6	20.6
Dividends, interest, and rent	12.9	11.9	11.2	10.6	9.9	9.0	8.3	7.8	6.3	5.3
Percent change	8.7	6.1	5.4	7.4	9.8	8.0	7.2	23.9	19.1	19.2
Transfer payments	12.0	11.1	10.4	9.8	9.0	8.6	8.0	7.1	6.2	5.0
Percent change	8.6	6.8	5.6	8.8	5.3	7.4	12.2	15.4	22.3	12.3

Note: Figures may not total due to rounding.

Source: Washington State Department of Revenue.

STATE OF WASHINGTON

Full-Time Equivalent Staff Comparison
Allotted Funds
Fiscal Years 1980 through 1989

Table 11A

Function	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
General government.....	6,982	6,555	6,239	5,960	5,839	5,654	5,568	5,458	5,685	5,444
Human services.....	24,320	23,325	22,649	21,741	21,111	20,487	19,147	18,773	18,838	18,329
Natural resources and recreation.....	5,664	5,080	4,883	4,781	4,657	4,330	4,058	4,220	4,589	4,486
Transportation.....	8,504	8,576	8,655	8,545	8,489	7,951	7,640	7,721	7,926	8,128
Education.....	31,669	30,538	29,876	28,920	28,551	27,991	27,446	28,098	29,536	28,958
Total Regular.....	77,139	74,074	72,302	69,947	68,647	66,413	63,859	64,270	66,574	65,345
Special employment programs.....	0	0	0	341	331	310	352	446	1,554	1,481
Total State.....	77,139	74,074	72,302	70,288	68,978	66,723	64,211	64,716	68,128	66,826

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work-hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year.

The FTE staff years can be computed two ways:
1. By accumulating all FTE staff months for a full year and dividing by twelve.
2. By accumulating all paid hours for one full year and dividing by 2,088 (the available work hours in a year).

Source: Washington State Office of Financial Management.

Full-Time Equivalent Staff Comparison
General Fund
Fiscal Years 1980 through 1989

Table 11B

Function	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
General government.....	2,752	2,492	2,458	2,372	2,410	2,279	2,320	2,327	2,532	2,451
Human services.....	13,525	13,379	13,166	13,219	12,237	11,734	10,307	10,001	9,472	9,893
Natural resources and recreation.....	2,747	2,493	2,191	2,238	1,988	1,762	1,561	1,816	1,979	2,133
Transportation.....	434	386	368	326	297	296	333	300	297	286
Education.....	18,986	18,532	18,325	17,907	17,664	17,671	16,130	16,984	17,893	19,194
Total.....	38,444	37,282	36,508	36,062	34,596	33,742	30,651	31,428	32,173	33,957

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work-hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year.

The FTE staff years can be computed two ways:
1. By accumulating all FTE staff months for a full year and dividing by twelve.
2. By accumulating all paid hours for one full year and dividing by 2,088 (the available work hours in a year).

Source: Washington State Office of Financial Management.

STATE OF WASHINGTON

Public School Enrollment Grades K-12
Average Annual Full-Time Equivalent Enrollment
Academic Years 1979 through 1989

Table 12A

Grades	1988-89	1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80
K-8	527,832	506,853	487,902	474,549	471,601	473,620	477,511	484,703	489,452	489,876
9-12	220,588	226,997	232,834	234,400	230,946	225,999	224,263	228,061	233,164	239,574
Total All Grades	748,420	733,850	720,736	708,949	702,547	699,619	701,774	712,764	722,616	729,450

Annual Average for Ten Year Period	
K-8	488,390
9-12	229,683
Total All Grades	718,073

Note: A Full-Time Equivalent student is defined as:
a. Kindergarten -- 4 classroom hours/day for 90 days or 2 classroom hours/day for 180 days.
b. Grades 1 through 3 -- 4 classroom hours/day for 180 days.
c. Grades 4 through 12 -- 5 classroom hours/day for 180 days.

Source: Washington State Superintendent of Public Instruction.

Public Higher Education Enrollment
Average Annual Full-Time Equivalent Enrollment
Academic Years 1979 through 1989

Table 12B

	1988-89	1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80
Community Colleges	87,093	84,304	84,406	83,556	83,225	82,317	82,110	86,101	100,357	97,848
4 Year Schools	70,408	69,571	69,191	69,120	69,570	69,966	70,012	71,768	74,164	72,487
Total	157,501	153,875	153,597	152,676	152,795	152,283	152,122	157,869	174,521	170,335

Annual Average for Ten Year Period	
Community Colleges	87,132
4 Year Schools	70,626
Total	157,758

Notes: A Full-Time Equivalent student is defined as:
a. Undergraduate student -- 15 credit hours per term.
b. Graduate student -- 10 credit hours per term.

Beginning in 1985-86, enrollment at the Tri-Cities University Center is included within the University of Washington enrollment counts.

Source: Washington State Higher Education Enrollment Reports, 1979-89.

Value of Agricultural Production
Calendar Years 1979 through 1988
(dollars in millions)

Table 13A

	1988 as a % of 1987	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Field crops	137.3	$ 1361.4	$ 991.9	$1,052.8	$1,229.6	$1,508.7	$1,484.6	$1,356.1	$1,411.7	$1,432.1	$1,012.7
Fruit and nut crops	128.2	711.7	555.3	683.0	490.0	461.5	502.1	388.9	438.4	369.8	457.6
Vegetable crops	113.7	197.0	173.2	162.3	156.0	149.7	138.8	144.9	138.8	119.5	127.1
Seed crops (1)	113.8	40.5	35.6	26.1	25.2	N/A	N/A	N/A	32.0	41.8	32.0
Berry crops	103.2	32.1	31.1	24.1	27.4	21.1	26.8	28.8	22.3	17.3	21.9
Total Crops		2,342.7	1,787.1	1,948.3	1,928.2	2,141.0	2,152.3	1,918.7	2,043.2	1,980.5	1,651.3
Specialty products (2)	108.5	297.5	274.3	226.7	215.7	195.4	179.0	170.1	173.2	160.4	186.0
Livestock and livestock products	111.5	1029.9	923.9	886.3	885.2	939.5	908.5	892.5	881.8	811.0	765.9
State Total		$3,670.1	2,985.3	$3,061.3	$3,029.1	$3,275.9	$3,239.8	$2,981.3	$3,098.2	$2,951.9	$2,603.2

Notes: (1) Seed crops not available for 1982 through 1984 due to program modifications.
(2) Includes forestry products, nursery products, greenhouse products, other horticultural products, and mushrooms.
N/A indicates data not available.

Source: Washington State Department of Agriculture.

Rank Order of Principal Commodities Value
Calendar Years 1979 through 1988
(dollars in thousands)

Table 13B

Commodities	Rank 1988	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	% Change 88 vs 87
Wheat	1	$529,635	$322,284	$293,294	$437,333	$553,208	$636,783	$561,076	$659,932	$637,676	$460,200	64
Milk	2	495,851	474,991	468,980	478,471	466,845	476,019	439,991	416,723	382,647	344,011	4
Apples	3	493,650	348,000	488,400	348,740	326,220	348,790	252,895	301,530	247,695	332,613	42
Cattle and calves	4	401,461	325,594	294,337	287,784	339,578	317,284	335,024	335,151	307,939	307,103	23
Potatoes	5	271,975	244,404	266,385	219,524	293,164	229,840	198,000	209,034	209,034	123,548	11
Hay	6	222,391	147,041	172,440	219,278	235,141	206,848	201,894	170,314	216,563	183,309	51
Nursery products	7	130,000	125,000	94,000	98,000	100,000	100,000	104,311	98,366	91,094	75,780	4
All pears	8	90,208	67,717	75,832	69,126	55,428	48,973	52,005	55,352	54,571	52,557	33
Barley	9	85,064	66,338	75,150	110,448	143,325	140,352	110,184	110,200	93,948	43,205	28
Sweet cherries	10	60,918	68,332	59,437	36,527	40,654	55,709	37,888	41,479	30,139	41,101	(11)
Eggs	11	55,402	48,211	55,577	55,103	67,803	58,110	60,253	64,603	53,095	49,712	15
Hops	12	54,061	49,365	56,439	66,002	86,732	92,061	93,067	89,205	86,166	38,454	10
Asparagus	13	47,198	40,257	40,612	42,443	37,454	35,158	33,145	29,268	20,894	26,371	17
Grapes	14	44,601	55,356	37,120	20,642	20,853	34,252	31,299	30,102	25,865	20,971	(19)
Aquaculture	15	41,778	24,228	22,984	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72
Chickens and broilers	16	41,661	36,045	36,049	34,060	36,876	30,056	29,760	31,373	27,059	26,842	16
Corn for grain	17	40,800	29,240	36,720	57,240	69,750	63,712	72,000	45,201	42,240	34,958	40
Mint oil	18	34,636	26,461	27,991	26,862	25,196	17,814	13,409	16,734	19,885	17,116	31
Sweet corn	19	33,441	30,867	24,531	27,240	21,240	24,187	35,856	23,910	20,675	23,214	8
Onions	20	26,776	27,342	23,770	13,540	20,344	21,555	7,910	22,330	14,562	8,215	(2)
Corn for silage	21	24,000	22,000	27,000	26,620	26,450	28,750	30,360	24,182	27,531	20,900	9
Proc. green peas	22	21,361	21,714	20,431	23,616	26,932	20,037	25,455	17,907	18,406	30,967	(2)
Dry edible beans	23	21,221	11,488	11,926	12,922	12,585	6,497	10,341	25,530	29,700	19,200	85
Dry edible peas	24	20,352	16,112	18,054	12,981	15,743	19,161	18,614	14,729	17,993	13,884	26
Ky. Bluegrass seed	25	20,064	19,404	13,407	8,356	N/A	N/A	N/A	7,436	8,288	7,130	3
Carrots	26	17,412	13,021	12,270	11,257	10,941	8,871	7,436	9,781	11,128	8,376	34
Alfalfa seed	27	16,770	11,172	10,537	14,127	N/A	N/A	N/A	10,736	9,045	10,313	50
Red raspberries	28	13,482	12,109	10,509	9,433	8,047	7,482	11,892	7,410	4,700	8,852	11
Lentils	29	11,305	12,804	26,637	18,270	11,882	9,775	21,165	22,688	43,358	35,160	(12)
Peaches	30	9,660	7,076	9,105	7,365	9,239	6,244	6,021	4,719	5,549	4,991	37

Note: N/A indicates data not available.

Source: Washington State Department of Agriculture.

International Trade Facts
All Washington Ports
Calendar Years 1979 through 1988
(dollars in millions)

Table 14A

	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Exports (1).....	$ 22,350	$ 16,694	$ 15,837	$ 13,215	$ 11,611	$ 12,125	$ 11,345	$ 14,735	$ 14,023	$ 10,920
Imports.....	32,592	29,740	25,040	20,402	19,190	17,863	16,079	18,043	16,128	13,004
Trade Balance.....	(10,242)	(13,046)	(9,203)	(7,187)	(7,579)	(5,738)	(4,734)	(3,308)	(2,105)	(2,084)
Two Way Trade.....	54,942	46,434	40,877	33,617	30,801	29,988	27,424	32,778	30,151	23,924

Note: (1) These figures indicate total international trade from the state of Washington, including bonded shipments to other states and Canada. (Includes Boeing Company figures.)

Source: Washington State Department of Trade and Economic Development (U.S. Census Bureau).

Major Export Trading Partners
Calendar Years 1979 through 1988
(dollars in millions)

Table 14B

Partners	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Japan.....	$6,393	$4,688	$4,175	$3,477	$3,502	$2,325	$2,462	$2,723	$3,154	$1,958
Canada.....	3,903	2,609	2,483	2,114	2,296	1,971	1,865	2,559	2,356	2,232
Republic of Korea.....	1,787	1,314	1,110	1,021	963	786	599	669	628	482
United Kingdom.....	1,567	1,213	550	542	298	101	165	134	138	83
Taiwan.....	1,229	753	637	659	632	484	269	443	358	260
Australia.....	866	611	986	932	701	73	81	86	78	64
Fed. Rep. of Germany.....	747	616	723	525	35	40	49	57	48	39
China (Mainland).....	706	656	425	782	292	234	203	169	142	71
Hong Kong (British).....	668	685	530	411	60	53	44	35	24	21
Brazil.....	556	610	139	211	13	19	20	25	16	15

Notes: 1978-1984 statistics represent exports from all Washington State ports by water-borne.
1985-1988 statistics are based on all Washington State ports, all methods of transportation.

Source: Washington State Department of Trade and Economic Development (U.S. Census Bureau).

Major Import Trading Partners
Calendar Years 1979 through 1988
(dollars in millions)

Table 14C

Partners	1988*	1987*	1986*	1985*	1984*	1983*	1982*	1981	1980	1979
Japan.....	$15,359	$13,428	$11,438	$9,216	$8,523	$6,668	$6,239	$6,410	$4,900	$3,897
Canada.....	3,683	3,367	3,009	2,077	1,947	2,347	1,748	2,052	2,030	1,572
Republic of Korea.....	3,508	2,989	1,929	1,349	1,259	1,334	1,024	1,279	1,177	855
Taiwan.....	3,143	3,643	3,044	3,214	3,165	2,730	2,419	2,684	2,606	2,695
Hong Kong (British).....	1,364	1,328	1,248	950	970	1,189	1,104	1,318	1,335	1,059
China (Mainland).....	1,152	784	623	464	247	34	29	82	53	32
Singapore.....	675	550	438	315	312	246	206	188	140	119
Australia.....	515	522	440	311	151	70	114	144	64	36
France.....	502	483	634	532	497	421	449	458	502	460
Indonesia.....	314	317	246	384	362	663	498	637	860	565

Notes: *Based on all Washington State ports, all methods of transportation.

Source: Washington State Department of Trade and Economic Development (U.S. Census Bureau).

ELISHA P. FERRY
GOVERNOR (1889-1893)

Born: August 9, 1825
Died: October 14, 1895

When former Territorial Governor Ferry consented to become a candidate for state governor, his great personal popularity together with the strong Republican sentiments of the new state virtually assured his victory over former Governor Semple, the Democratic candidate.

The first state legislature met in session from November 6, 1889 to March 28, 1890 in order to pass the necessary legislation to put the new constitution into effect. By the end of the session Governor Ferry's health had failed and he went to California to recover. He returned a few months later and was able to serve until his successor was inaugurated in January of 1893.

The fact that the people had waited so long for statehood was no doubt partly responsible for the scramble for "pork barrel" legislation during the first two sessions of the legislature. Since expenditures had to be met, revenues were hastily increased through the sale and lease of public lands and by taxing the newly developed resources. In order to develop the economy of the state, the legislature set up agencies to oversee fishing, logging, mining and irrigation. It also provided for a State Geologist and a Harbor Commission, and enacted laws to regulate land use, commerce and industry.

It was well known that during the decade preceding statehood the population of the territory had grown, but not until 1890 was the extent of the increase known. The census figures released in 1890 showed that the population of Washington had grown from 75,116 in 1880 to 357,232 ten years later.

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